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FINANCIAL TIMES

No. 27,170 Friday January 14 1977 ***12p

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NEWS SUMMARY

GENERAL

Britain hit by big freeze

Lizzards sweeping Britain... conditions since the last freeze-up of 1962. More snow is forecast over the next two days.

BUSINESS

Gilts up sharply; sterling stronger

GILTS rallied strongly, encouraged by the Bank's decision to cut special deposits and by the over-subscription of the new £600m. short-term issue. Gains ranged 15-18% and the FT Government Securities Index rose 0.57 to 63.35.

black-out

six West Midlands counties... weathered to completion ambulance services for hundreds of hospital out-patients.

olen ICI pes found

more than 600 confidential... and tapes stolen. ICI (Holland) have been covered by police from a flat in Antwerp.

ress driver lled in cab

6-year-old British Rail driver... found dead in the cab of the Stranraer-Euston express.

kovsky critical Britain

Vladimir Bukovsky, the... et dissident, last night criticised British policy towards the et Union and regretted the et had not interviewed him in Russian service.

on weaker

condition of Lord Avon... Conservative Prime Minister, deteriorated at his shire home last night.

iefly...

rn Bridge has been limited... ght-lane traffic on each side of a 'weakness in its sture.

IEF PRICE CHANGES YESTERDAY

tes in pence unless otherwise indicated)	M and Q Group	64 + 4
McCorquodale	160 + 15	
MEPC	56 + 5	
Reed Intl.	196 + 8	
Stock Conversion	166 + 8	
Travis and Arnold	101 + 1	
United Real Prop.	202 + 10	
d. Vanstone	84 + 6	
BP	704 + 14	
Shell Transport	468 + 14	
Tricentral	118 + 9	
Golden Hope	89 + 10	
Cleaver	265 + 13	
Randfontein Estate	221 + 1	
Southern Kinta	102 + 12	
Southern Malaysian	202 + 12	
Tongkah Harbour	50 + 5	

FALLS

BATS Dtd.	228 - 5
EMI	315 - 9
Thomson Org.	378 - 7
On Espin.	97 - 8

Temporary respite in curbs on banks

BY MICHAEL BLANDEN

THE SQUEEZE on the banks is being temporarily eased by the decision by the Bank of England yesterday to release about £1.1bn. of funds which would otherwise be tied up in special deposits with the Bank.

The move is designed to overcome the present exceptional shortages of funds in the London money markets. These have resulted from the recent very large official sales of gilt-edged stocks, coupled with the current Government revenue surplus reflecting the seasonal payment of taxes. The move is similar to the exercise carried out on a rather smaller scale at this time last year.

The authorities emphasised, however, that the measure was no more than a technical step in the management of the money market, and did not imply any relaxation in the present strict monetary policy. In particular, the Bank of England continues to resist a rapid drop in short-term interest rates.

The heavy demand for gilt-edged stocks was underlined yesterday when the new £600m. short-dated tap stock was heavily oversubscribed at the issue. This happens only very rarely - normally only small amounts of a new gilt-edged stock are bought by the public at the time of issue - though an oversubscription was seen for a long issue last September. It was thought that more than £1bn. had been subscribed for the issue yesterday, and the amount of funds absorbed produced an unprecedented shortage in the money markets.

The official move took the form of cutting the rate of special deposits which the banks and finance houses are required to place with the Bank of England from 6 to 3 per cent. of their eligible liabilities (their main deposit funds).

This involves a direct repayment of 2 per cent. of special deposits already paid, totalling about £740m., to take place on Monday. At the same time, the Bank is cancelling the call for an additional 1 per cent. due on January 28. This is the second half of the call announced as part of the emergency package in October, and has already been twice postponed.

At the same time, official policy is designed to allow no more than a gentle decline in the general level of short-term interest rates in London, although the Prime Minister again affirmed yesterday that there should be a fall in rates over the next 12 months.

The Bank took the opportunity of the shortage in the money markets yesterday to give another clear signal. For the fourth successive day, it would not be happy to see another fall in its minimum lending rate to-day from 14 per cent. This rate has already come down in stages from the peak 15 per cent. to which it was raised at the end of last year's emergency measures.

The move was welcomed by the big banks yesterday as offering them relief from the immediate pressures on their resources. The Bank explained that the measure was aimed to overcome an "exceptional stringency" in the money market and the resulting pressure on the reserve asset positions of the banks.

But the banks were taking a very cautious view of the outlook for lending and interest rates. They pointed out that their expansion will continue to be limited by the corset controls, which restrict the growth of their interest-bearing resources to only 3 per cent. over a six-month period.

This takes effect for the average of the banking figures for February, March, and April, by which time the situation may be changed. Moreover, the Bank of England left open the option of calling back the special deposits released.

Unlike last year's exercise, no date was given for restoring the deposits. But it was pointed out that the pressure on reserve assets could ease after the current tax-gathering season, and that if that happened it might be appropriate to raise the special deposits call again.

The banks will therefore have to keep control over their lending. At present, the signs are that they are not experiencing any great pressure of demand for loans in spite of the payment of corporate taxes: these are relatively small now as a result of the various reliefs being offered.

Editorial Comment, Page 14

Evidence that Rhodesia is preparing for failure of talks

BY MICHAEL HOLMAN

EVIDENCE IS mounting that the Rhodesian Government may be preparing the white electorate for the failure of Mr. Ivor Richard's tour of Southern Africa, the consequent collapse of the Geneva conference to establish a transitional government here, and the eventual opening of talks by the Salisbury administration with a so-called moderate black Rhodesians.

Mr. Richard, the conference chairman, faces a tough test when he returns here for more talks with Mr. Ian Smith, the Prime Minister, probably next week.

The latest evidence of Rhodesian Government thinking was given by Mr. P. K. Van der Byl, the Foreign Minister, in an interview with the New York Times yesterday. He said that the support the front-line African presidents have given to the Patriotic Front nationalist group, at the expense of other black Rhodesian organisations, has made nonsense of the Geneva discussions.

Mr. Van der Byl said whites would fight to the "last cartridge" rather than hand over government to the Patriotic Front, led by Mr. Robert Mugabe and Mr. Joshua Nkomo. He added that the only acceptable means now of transferring power would be through separate negotiations with "those of the black Rhodesian population who are prepared to do it."

For his part, Mr. Smith has repeatedly ruled out British involvement in an interim government, the central pillar of the compromise proposals Mr. Richard has been formulating.

Furthermore, a substantial lobby of MPs in the ruling Rhodesian Front are known to regard the Kissinger package of settlement terms, accepted by Mr. Smith last September, as unpalatable and would welcome the failure of the Geneva conference. The package, which would allow Whites to maintain vital controls during the transition to majority rule, has been rejected by the black delegation to Geneva.

Observers believe Mr. Richard may expand on his proposals on Sunday and will also be trying to find out how much the Patriotic Front is prepared to modify its stand, which is anathema in Salisbury, before presenting a progress report to Mr. John Vorster, the South African Prime Minister, who is the key to any settlement.

Mr. Vorster can exert pressure on Mr. Smith if he thinks this is in South Africa's interests, but a background briefing issued recently by the Rhodesian Government rules out the prospect of pressure from Pretoria. This assessment appears to hold good. There is no sign that Mr. Vorster is displeased with the Rhodesian Government's course. There appear to be no limits on military supplies, oil or transport facilities.

The near euphoria with which many Rhodesians welcomed the September settlement scheme has all but evaporated, being replaced by bewilderment, anxiety and bitterness at what is seen as unreasonable Nationalist demands. Morale is low - between January and November last year 13,300 whites emigrated, giving a net loss of 5,900, the first net loss since 1966.

Worker-director proposals under fire from Methven

BY JOHN ELLIOTT, MANAGEMENT EDITOR

THE CONCERTED attack elected within a single-tier Board structure in companies with more than 2,000 employees. A minority report, signed by three industrialists including Sir Jack Callard, former ICI chairman, opposes this, but says worker directors could in time sit, separately from trade unions, within a two-tier company Board structure.

Mr. John Methven, who sat on the Bullock Committee as an independent and resigned on being appointed to his CBI post last year, warned yesterday that the report would do two things.

"It will stop dead in its tracks the very considerable advance being made by British companies towards greater real employee involvement. And it will unite in a way that no other issue has before the mass opposition of British business, setting the based worker directors should

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Backing for fast breeder reactor plans

BY DAVID FISLOCK, SCIENCE EDITOR

THE GOVERNMENT'S nuclear inspectors believe that a commercial-sized fast breeder reactor, the next big advance in nuclear electricity systems, can be made safe enough to be licensed in Britain. But they would stipulate remote sites for the first three or four stations.

Given their successful performance, nuclear inspectors would expect them to authorise construction on semi-urban sites, of the kind used for the latest British nuclear stations, in some cases within a few miles of large centres of population.

This is stated in a report from the Health and Safety Executive, which provides answers to a list of 87 questions on nuclear safety submitted at the invitation of Mr. Anthony Wedgwood Benn, Secretary for Energy, in October.

The report, signed by Mr. John Dunster, director of nuclear safety, and Mr. Ronald Gausden, chief inspector of nuclear installations, answers many questions on nuclear safety raised by the controversial report of the Royal Commission on Environmental Pollution last autumn, notably on fast reactor safety and nuclear waste disposal.

It is understood that the Government expects to publish its official reply to the 50 recommendations of the Royal Commission report next month.

Mr. Dunster said yesterday that he did not expect the safety implications to be decisive in the Government decision on its fast-reactor policy.

In the case of permanent disposal of highly radioactive nuclear wastes, he believed that the UK industry already knew "beyond reasonable doubt" of safe methods of storing it indefinitely.

Accident fears

In response to a question on the consequences of fast-reactor accidents, the inspectors say that even in a serious accident causing widespread damage to plant it is likely that nobody inside or outside the plant would be hurt.

In questioning nuclear accidents, however, people asked what might be the "worst possible consequences." It was not a question normally asked about other activities, but if asked of aircraft or chemical works accidents, for example, would elicit an answer of "thousands" hurt.

Such non-nuclear catastrophes were very improbable indeed, but even so were more likely than a comparable nuclear disaster.

The worst combination of events that could be envisaged would be a melting and partial vaporisation of the reactor core, and failure of the reactor containment, on a semi-urban site with the wind blowing towards the town.

This "very unlikely" combination would cause several thousand deaths within a few weeks in an area extending about 10 kilometres down wind of the reactor, and "some increase" in the risk of cancer to those in an area extending a few hundred kilometres down wind.

The answer to a specific question from Mr. Wedgwood Benn about the possibility of a fast-reactor core melting its way down into the earth was that this would be prevented by a large block of heat below the core, which would melt and retain the molten mass.

Accidents involving plutonium in nuclear fuel processing have been very rare. Only about ten have occurred since the early 1940s, almost exclusively in the U.S., and though each of the more serious accidents killed one worker, no member of the general public was put at risk by this kind of accident.

On long-term storage of highly radioactive wastes from nuclear fuel reprocessing, one of the two main sectors of concern raised by the Royal Commission, the inspectors are optimistic.

Some aspects of the safety of nuclear installations in Great Britain; Health and Safety Executive, Barnard's House, 1 Chancery Place W2

Safety hopes

Mr. Bill Simpson, chairman of the Health and Safety Commission, to which the executive reports, said that on the basis of his inspection report he would have no qualms about authorising a new fast reactor proposed by Windscale.

The nuclear inspectors lend their support to the case for proceeding with a demonstration fast breeder reactor (CFR 1) in that it would "go far towards identifying any further safety problems, and would provide a strong stimulus to work aimed at resolving them."

Invaluable practical experience would be obtained for any future construction of fast reactors, and the operating experience and data prove of great value to both engineering and safety.

But the report warns that construction and operation of CFR 1 alone would be insufficient, and the safety case for a programme of fast reactors would still call

Memo

Re: Current Cost Accounting - Property Valuations

Remember to contact Hillier Parker for a copy of their new booklet!

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LOMBARD

Tony Crosland, think again

BY SAMUEL BRITTAN

ONE OF my more precocious childhood dreams was that Dick Crossman would become Foreign Secretary and replace the "reactionary" policies of Ernest Bevin. But unlike some people who were old enough to know better, I did not think that this was a very likely switch for Clement Attlee to make, and perhaps even as well for my disillusion, that Sir Harold Wilson was no more inclined to try the experiment than Attlee had been. A more undergraduate fancy was that Mr. Anthony Crosland would one day become Chancellor when Labour had a spell in office.

We might then have a reign of enlightenment unmarred by the illiteracies of so many Labour politicians in anything to do with profits, prices and the market place. But by then too I had realised that nothing irritated Mr. Crosland more than being associated with Dick Crossman because of a meaningless association of first syllables.

I cannot pretend that I reacted with the same enthusiasm when Mr. Crosland really did get a top economic job for Secretary of State in charge of housing policy and local government. In terms of influence over public spending, allocation of resources and opportunity for use or misuse of the price mechanism, there is no doubt that he had at least the key economic job. But I was hardly surprised when he began with an intensification of rent control and housing subsidies together with municipalisation and the Community Land Scheme, all either directly or at best diversions. He was after all a normally ambitious politician. But I did have some hopes that with the second 1974 election out of the way, he would use the opportunity of the long-term Review of Housing Policy to alleviate the absurd muddle which has been created in this department of policy; and I therefore regretted when at the crucial phase, he was "promoted" to the post of Foreign Secretary.

In his new post, however, Mr. Crosland has now joined the debate on the major issue of economic strategy for the whole of the West. The greatest priority he declared in a speech to the EEC Parliament on Wednesday, was growth and reduced unemployment; and the main contribution should come from expansionary policies from countries such as the U.S. and Japan outside the Community, as well as Germany within it.

TENNIS: NATIONAL RANKINGS

Mark Cox clear leader

BY JOHN BARRETT

- THE NATIONAL rankings announced yesterday produced no surprises and few words of criticism—even from those persistent critics of the Establishment, the players themselves. Perhaps this explains why the players' own lists, which by tradition they produce annually for these columns, correspond so closely with official opinion. Nine of last year's ranked men and seven of the women gave me their versions which, when computed on our usual points system of 20 for the top place down to two for the number 10, correspond exactly with the LTA's lists for the first five places in each case. Even after that the differences are slight.

- THE PLAYERS' OWN RANKING LISTS (POINTS IN BRACKETS) MEN: 1 Cox (178), 2 Mottram (160), 3 Lloyd (146), 4 Taylor (114), 5 Feaver (104), 6 Lloyd, D. (76), 7 Mappin (68), 8 Drysdale (47), 9 Robinson (38), 10 Lewis (29), 11 Smith (10), 12 Swilwell (10), 13 Wayman (7), 14 Davies (1).

The most promising newcomer is the junior champion, Andrew Jarrett, who comes in for the first time at 13, and it is pleasing to see four of his B-squad colleagues, Robun Bevan, John Whiteford, the under-21 cham-

- WOMEN: 1 Virginia Wade (11), 2 Sue Barker (2), 3 Glynis Coles (3), 4 Michelle Tyler (5), 5 Jackie Fayer (10), 6 Lindsey Seaven (8), 7 Linda Mottram (4), 8 Sue Mappin (7), 9 Macey Charles (6), 10 Corinne Moleworth (16), 11 Belinda Thompson (12), 12 Veronica Burton (13), 13 Jo Burie (—), 14 Anne Hobbs (—), 15 Arnette Coe (9), 16 Julie Richardson (11), 17 Jill Cottrill (—), 18 Anthea Cooper (—), 19 Julia Lloyd (—), 20 Clare Harrison (—).

At Harrow's on Wednesday, two envelopes carried on the first flight from England to Australia in 1919 made £1,500 between them. One was embossed with the Rajputana infantry emblem and franked by India's halfpenny and one amsa stamps. It was carried from Persia to Victoria and sold for £600. The other envelope was printed with the name of a Java hotel, and franked with Netherlands East-Indies stamps.

SALE ROOM BY ANTONY THORNCROFT

Beaufort ewer makes £12,000

THE LONDON fine art sale-rooms are active again after their Christmas break. It was the Belgravia subsidiary of Sotheby's which had the lionizing yesterday, selling an extraordinarily elaborate ewer, made by R. and S. Garrard in 1835 for the Duke of Beaufort, for £12,000, more than double the forecast. A 10 per cent. buyer's premium must be added to the £12,000. The price was a record for a piece of silver sold at Belgravia. The ewer is 30 inches high, weighs 446 ozs. and is in the "Horrid style of Louis XIV." It was displayed at the Great Exhibition of 1851, and had remained in the Beaufort family until yesterday. The auction realised £81,825. 7,000 George's Lane, London E.C.4. Another high price was the £7,000 paid for a large late 19th-century Viennese enamel and silver circular dish by Hermann Bohm. A set of four Hunt and Roskell silver gilt dessert stands, with allegorical figures of the four seasons, made £2,200, and a late 19th-century bust of St. George, made of many materials including silver, ivory, and enamel, fetched £2,200. Christie's held its first auction

BY JOHN BARRETT

Miss Wade last year, Sue Barker did not do quite enough to achieve her dream of displacing the reigning queen of British tennis. However, both girls can look back on a year of signal achievement, with the stirring victory of Miss Wade over the world's Number One, Chris Evert, in the final of the Dewar Cup, as the high point.

In 4th place, young Michelle Tyler displaces Linda Mottram, who, despite slipping three places to 7th, shows signs of late that she has thrown off her indifferent early season form. Some good results in America lift Jackie Fayer from 10th to 5th and this and Corinne Moleworth's jump from 16th to 10th are the largest single advances. Those two exceptional juniors, Jo Durie and Anne Hobbs, come in for the first time at 13th and 14th.

TV Radio

- 9.30 a.m. For Schools, Colleges, 10.45 You and Me, 11.05 For Schools, Colleges, 12.45 p.m. News, 1.00 Pebble Mix, 1.45 Trumpet, 2.02 For Schools, Colleges, 3.25 Bod (religious programme), 3.53 Regional News (except London), 3.55 Play School, 4.20 Roobarb, 4.25 Jackanory, 4.40 Liny, 4.53 Crackerjack, 5.35 Magic Roundabout, 5.40 News, 5.55 Reporting England, 6.20 Nationwide, 6.30 News, 6.40 Sportswide, 6.55 The Wonderful World of Disney.

HTV

- 1.20 a.m. Report West Headlines, 1.25 Report Wales Headlines, 1.30 Survival, 2.00 Women Only, 2.25 Mystery Movie: "Faraday and Co.", 3.15 Samba Junior, 3.20 Crossroads, 4.00 Report West, 4.15 6.30 Get Some, 7.30 5th Wilton Dollar Day, 8.30 Sole of the Lion, 10.30 President of the World, 11.00 The Day After Tomorrow, 11.15 TV Comedy/West-Is HTV General Service, 12.25 Friday, 1.25 News, 1.30 News, 1.35 News, 1.40 News, 1.45 News, 1.50 News, 1.55 News, 2.00 News, 2.05 News, 2.10 News, 2.15 News, 2.20 News, 2.25 News, 2.30 News, 2.35 News, 2.40 News, 2.45 News, 2.50 News, 2.55 News, 3.00 News, 3.05 News, 3.10 News, 3.15 News, 3.20 News, 3.25 News, 3.30 News, 3.35 News, 3.40 News, 3.45 News, 3.50 News, 3.55 News, 4.00 News, 4.05 News, 4.10 News, 4.15 News, 4.20 News, 4.25 News, 4.30 News, 4.35 News, 4.40 News, 4.45 News, 4.50 News, 4.55 News, 5.00 News, 5.05 News, 5.10 News, 5.15 News, 5.20 News, 5.25 News, 5.30 News, 5.35 News, 5.40 News, 5.45 News, 5.50 News, 5.55 News, 6.00 News, 6.05 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Friday January 14, 1977
The Financial Times
Woody Allen and the moral issue

Woody Allen and the moral issue

by NIGEL ANDREWS



Woody Allen in 'The Front'

perhaps *The Front* could only have been made in the wake of the Watergate scandal. That event having opened the American conscience like an oyster, the pearl of historical candour is now being frequently subverted for our inspection. But snag involved in this belated sense of professionalism is that the film recalled how he lost their favour. For people of his generation, the comic with-hunt of the '50s blacklisting exploits of the House Un-American Activities Committee are depicted in almost as remote a history as the McCarthy era. In the 25 years since the day of the McCarthy era, Hollywood itself, the chief of those times, has kept conspicuously silent on the subject. Perhaps too many tender consciences might have been opened, too many wounds solitely reopened. *The Front* is to us with the best possible credentials: its director, its star and two of its stars were victims of the blacklisting. But the satirical fire-power is not such a line-up never erases. The film is funny, risible, engrossing, sometimes more than we must thank for the passage of time or the ineluctably bland dictates of the office, that it is hardly a scabrous or revealing a-lore of McCarthyism than the United Treatment recently topped that era to *The Way We Were*.

Allen plays his first "straight" role with delightful assurance; putting enough comic links in it to preserve our loyalty to his scatty-Jewish persona. In my family, says his girlfriend, the biggest sin was to raise one's voice. "In mine," says Allen, "the biggest sin was to buy retail" but also rendering the hero wholly believable as a pawn in the deadly power politics of the age. Not so effective as Allen's co-star Zero Mostel, who lumbers here like through the film, alternately tearful and grandiloquent, as a TV actor victimised by the McCarthyites, who finally takes his own life.

Somewhere between Mostel's operatic self-pity and Allen's scatty detachment the film should have found its golden mean. But writer Walter Bernstein and director Martin Ritt have been too busy hedging their bets by including a stylised version of the story under the aegis of comedy, "serious" discussion of the issues—and have done little to blend them all together by a harmonising mood or viewpoint. The result is a quirky and enjoyable film; but one that leaves the viewer with the impression that the McCarthy era yet to be made. One sometimes has visions, in

this relentlessly derivative epoch of the cinema's history, of American producers and screenwriters sitting around a table in their studio, like the word sisters in *Moby-Dick*, concocting their latest cinematic brew out of amputated portions of past box office successes. "Hand of the Godfather" which doubtless chanted, as the ingredients plied into the pot, "Hair of Kopp... Teeth of Faust... Carrie is so transparently a Cinderella story re-amped for the age of American Graffiti and *The Errorist*, taking its early '60s high school setting from the first and its injections of batty and brutal demonism from the second, that one wonders why these projects do not get assigned to a computer; one acidulously programmed with details of current audience taste, which could turn these hybrids out with a brisk and streamlined efficiency.

zabeth Hall

Apollo et Hyacinthus

by RONALD CRICHTON

Jozart's *Apollo et Hyacinthus* (35) was written when he was entering his teens for a role-play in Latin, *Clementia*, by a Salzburg teacher, whose class at the manseum performed it in 17. These annual plays had no "incidental" music whole scenes inserted at intervals, with separate action setting the main story. The acts of this example, performed by themselves, form a literature opera on the legend Apollo, Hyacinth and Zephyrus. Apollo, an alto role, is one of the kind Mozart mature dramatic-composer to avoid, two duets, a single us, and a trio-finale.



Sir Hugh Casson and John Kane in 'Sizwe Bansi is Dead', which opened last night at the Royal Court for a return visit

Almost Free

Patty Hearst

by MICHAEL COVENEY

The story of Patty Hearst is one of those mythical legends that America ferociously feeds on from time to time. This tale had everything: the daughter of a famous newspaper proprietor (whose family business had already been the subject of one of the century's most potent films, *Citizen Kane*) is kidnapped and held to ransom by a crazy group of self-styled urban guerrillas, the Symbionese Liberation Army; from messages she sends it appears that she has fallen under the philosophical spell as well as the physical charm of the group's leader, Donald DeFreeze (otherwise known as General Field Marshal Clinque); she is christened Tanya in memory of the girl-friend of Che Guevara, and appears with a machine gun to rob a bank with her new-found cronies. Finally, after Clinque is gunned down, she is rescued by the FBI, she returns to the family bosom and a seven-year gap sentence.

That DeFreeze pulls her round by touching her breasts and shouting a few juvenile all-purpose revolutionary slogans, her single character in the play has an IQ of about five, and that includes Patty's fiancé, Steven Weed, given a gratuitously insulting performance by Robert Longdon, her parents (Jean Boht has a role to do but whimper and whine as Mrs. Hearst), and the three absurd and absurdly represented guerrillas. The writing desperately needs an injection of imagination to rescue the show from the crudities of basic narrative documentary. By the time the play is over, as played by Robyn Goodman across as a silly little madame whose half-articulated resentment towards her parents and their lifestyle finds some sort of expression by seducing Steve, the matter is not in it at this point that the guerrilla burst in. There is little magnum or authority in the play, by Joseph Charles of DeFreeze, so Patty's capitulation to him and his romantic political ideas is precisely what the play does not do, relying on the skimpiest of evidence to suggest

This year at the Royal Academy

Sir Hugh Casson, President of the Royal Academy, announced in London yesterday, plans of eight exhibitions. The New Contemporaries—a group of contemporary artists—will show a selection of 70 to 80 paintings and sculpture from entries submitted by full-time students throughout the country. This will run from February 4-28 in the Diploma Galleries.

Also in the Diploma Galleries will be "John Tunnard, A.R.A. 1905-1973." A distinguished abstract and mood painter, John Tunnard was elected an A.R.A. in 1967. Working in Cornwall in the '30s, '40s and '50s, he is known as a "loner" painting big, special works in a comparatively abstract, geometric forms.

From March 14 to April 1 in the South Rooms is a three-week exhibition of Holography and the use of laser beams as a technique for forming images. This is presented by HOLOCO, a Shepperton based group which has been working on the technique since it was invented in 1947 by Professor Denis Gabor.

"This Brilliant Year"—an exhibition of great and royal Victorian paintings, statuary and objects—will fill the Private Apartments from March 19 until July 10. Made possible by generous loans from the Royal Collections of Buckingham Palace, Windsor, Balmoral and Osborne, it will include about 100 paintings (by such Victorian masters as Winterhalter, Frith and Landseer) many of which

Mozart Vespers by MAX LOPPETT

In one of those maddening clashes that highlight the anarchic want of co-ordination that besets London's concert planning, two rare Mozart works were on Wednesday performed in different places—*Apollo et Hyacinthus* on South Bank, the Vespers in C, K.321, at Smith Square. Anyone glad to hear one must surely have desired to hear the other!

The Vespers of 1779, the earlier set in C major, are much less familiar than the later *Vesperae solennes de confessore*, K.339, yet they are a masterpiece of Mozart, full of dignity, breadth and a new brightness of manner. Of its six movements, Einstein says that "The youthful sincerity, the song-like quality of the church music of 1779 has now yielded to an impetuous maturity, a stormy, passionate solemnity." Keys of the opening "Dixit dominus" and closing "Magnificat" both in C, are unpredictable. The minor followed by the B-flat movement, a long, exquisitely shaped florid air for soprano solo, is in a bright A major. The fourth, "Laudate

ISM soloists by DOMINIC GILL

The outstanding talent of the last two of this week's trio of recitals by "outstanding young artists," all of them members of the Incorporated Society of Musicians, was undoubtedly Peter Savidge—a young baritone who has been singing with the English Music Theatre since the beginning of last year—in his London recital debut.

He has a well-schooled, attractive voice, firm and easy right into the registers, quick in response, warm in manner. At its least effective, the projection is still slightly bland; at its best, it is strong, accurate and vivid in the four-square singing of Purcell's "Ye twelve hundred duties," and in the dark ardour of Fauré's gravely beautiful "Le Secret" and "Les Berceux." He also encompassed with affection, if not exactly embraced, the more diffident and provincial lyrics of six songs from Gerald Fitz's Hardy cycle. Air and Ruse—whose printed score is so fiercely, and perhaps with understandable anxiety, prefaced by the strictest prohibition of a public performance of any recorded version of this composition. (Was it suspected that the parody might offend its audience, or actually go down better with it than the original?)

Mr. Savidge was not only the performer, but the only outstanding talent of an otherwise disappointing series. (Perhaps we assume, if these eight musicians are indeed the cream of the younger membership of the ISM, that really talented young artists don't join societies any more.) He shared his programme with Andrew Ball, a pianist, who gave a decent, plain reading of Schubert's B major sonata—and an agonis-

Shakespeare Prize for Dame Margot

Dame Margot Fonteyn has been awarded the Anglo-German Shakespeare Prize for 1977 for outstanding achievement in the arts field. This is the first occasion on which the prize has been awarded in the world of ballet. The Shakespeare Prize is awarded annually by the F.V.S. Foundation to a citizen of the United Kingdom for outstanding achievement in the field of the arts, particularly in relation to the U.K. contribution to the European cultural heritage. The president of the foundation is the German millionaire grain importer and ship-owner, Dr. Alfred Toepfer.

There is an accompanying tax-free monetary award of about £8,000. With the prize is linked a scholarship worth about £1,450 for one year's study at a university or at an academy of music or the fine arts in the German Federal Republic. Dame Margot has the right to select the scholar concerned.

Dame Margot will receive her award in Hamburg on June 23.

Brighton Marina Award

The winner of the Brighton Marina Best Book of the Sea Award for 1976 is *This Salt-Bored Cruising by Des Sleight* (Nautical Publishing Company).

Des Sleight, an experienced yachtsman but perhaps best known as editor of *Yachting Monthly* magazine, wins £250 and a nautical book medal.

The award is open to non-fiction nautical works first published in Britain in 1976 and which, in the opinion of the judging panel, contributed most to the enjoyment and knowledge of those who take their leisure on the sea.

Royal Ballet matinee of 'Romeo and Juliet'

Following the cancellation of the Saturday matinee of *Romeo and Juliet* at the Royal Opera House on January 1, an alternative performance has been arranged for Saturday, January 29, at 2.30 p.m.

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Spanish Government bans meeting of Basque city council

THE SPANISH Government today banned a meeting of more than 50 city councils from throughout the Basque region due to have been held on Sunday. It warned that it would take measures necessary to prevent it being held if the organisers went ahead. The Government's decision is certain to cause fresh bitterness in the Basque provinces, where during the first four days of this week there were serious clashes between demonstrators and riot police. Unprecedented gathering of town hall representatives had been called to coordinate demands for a full political amnesty, the use of the Basque language on a same basis as Spanish, and the restoration of some of the rights to autonomy held by the region when it had its own parliament before the Civil War. This was also one of the topics on the agenda of today's Cabinet meeting which was expected to be largely devoted to the Basque situation and to a restructuring of the armed forces. Sr. Martin Villa, Minister of the Interior, announced after he had banned Sunday's meeting that he would be travelling to the north to-morrow to talk to the Basque people. It is expected that while he is there he will announce the legalisation of the Basque nationalist flag. Although the Government is

Campaign against Charter 77 stepped up

VIENNA, Jan. 13. A CAMPAIGN throughout Czechoslovakia against the Charter 77 human rights declaration has stepped up in the past few days. The Communist Party newspaper Rude Pravo that they are trying to prepare a counter-revolution in the service of anti-Communist centres abroad. The mass media have reported that dozens of resolutions and telegrams have been received from workers' collectives in factories and enterprises condemning the signatories of the Charter 77 manifesto as traitors, adventurers and bankrupt scoundrels in the service of imperialism. The Prague Communist Party committee is said to have received more than 70 such resolutions in which the writers and intellectuals who signed the manifesto are accused of handing the country, trying to break the unity of the Soviet bloc and intriguing against the projected Belgrade conference on European security. As in the heyday of Stalinism, individual statements condemning the human rights movement are being published. They include Olympic champions, artists, musical directors and professors. But so far the resolutions and statements quoted by CTK, the official news agency, are short of asking for punishment. On the other hand, vigorous public protests made by the Italian and other Western Communist parties and some West European writers and professional organisations evidently are those under attack. Mr. Vaclav Havel, one of the movement's spokesmen, who has been subjected to much police interrogation, described the Rude Pravo accusations as "a nonsense." Another leading dissident, Prof. Kaldut, said he doubted whether the Communist authorities would be foolish enough to put people on trial who were simply asking for things that were self-evident in any civilised country. Mr. Pavel Kolbitz, the noted writer, was officially told today that "in the public interest" his telephone had been disconnected. He was the first person involved in the current campaign to have been told this. Meanwhile, police interrogation of several signatories of the manifesto are understood to have continued to-day.

E. German protest over mission

EAST GERMANY has again charged that West Germany is interfering in its internal affairs through the Permanent Mission in East Berlin. The quasi-diplomatic mission has become a magnet for East Germans seeking humanitarian assistance under the 1972 Basic Relations Treaty between the two Germanys. In most cases, the East Germans want advice on how legally to get to West Germany after their applications have been repeatedly rejected by the authorities. On Tuesday, East German guards barred citizens from entering the West German building here for the first time since it opened in mid-1974. The guards were withdrawn after West Germany protested against the measure, saying it ran counter to the agreements between the two Germanys and the Helsinki Declaration. A number of the 35 East Germans who visited the mission in the course of today say they were checked by plainclothes East German security officials in nearby streets after leaving the building. East German officials say they can neither confirm nor deny that the controls have been removed, noting that this country has not formally announced that any controls are in effect. Some West German officials feel that East Germany may have reached the point where it feels it can challenge the humanitarian portions of its agreement with West Germany. These were the price for recognising the East German state in 1972.

One way to the West

REGINA WITTE is an unpretentious 19-year-old East German from the provinces. Like most of her compatriots, she takes her work seriously at an agricultural implements factory, loves pop music, and wanders through good books, and says she is "not especially good" at sports. There is only one blot on her personal dossier—she wants to travel to the West. The German Democratic Republic to join her fiancé in West Germany. Despite detente and the East-West German treaty of 1972, it is still virtually impossible for an ordinary East German to travel to the West. The building of the Berlin Wall on August 13, 1961. Until two years ago, Fraulein Witte had not seriously considered leaving East Germany. She wondered how many other East Germans, what life would be like in West Germany—was it as brilliant as the TV pictures? But there was no chance of her seeing the West with her own eyes, so she seldom thought of leaving. Then, in late 1974, she met Udo in an ice-cream parlour in her home town. Udo and his parents were visiting the town where they had lived until 1961. This was his first time in East Germany since he was taken to the West by his parents as a small boy. Along with many of the 5,000 escapees who were leaving East Germany each day, they rode on the elevated railway from East to West Berlin, with their belongings in a brown suitcase under their seat. Now Udo was a West German, just out of military service, and about to start work in a well-paid electronics job. He was one of the 7m. annual visitors to East Germany from West Germany and West Berlin. Udo, the other westerners, and the East Germans they were visiting, were beneficiaries of the Basic Relations Treaty signed in December, 1972, by the two Germanys. As the price for obtaining recognition by West Germany, and exchanging permanent missions between East Berlin and Bonn, East Germany

Quiet contacts by Suarez

BRUSSELS, Jan. 13. THE SPANISH Government has been quietly talking behind the scenes to leaders of the Basque nationalist movement in an effort to find a solution to the problem of the growing unrest in the Basque region. According to well-informed sources here, members of the Basque National Party (Partido Nacionalista Vasco) are pressing the Spanish Prime Minister, Sr. Adolfo Suarez, to negotiate on the basis of a limited form of autonomy for the Basque region. The Basque party's initial demands are understood to be more moderate than those of the Basque guerrilla organisation, ETA, which wants outright secession, but are still regarded as being too radical to win acceptance from the Spanish Government in the present climate. The party claims it has no organisational links with the guerrilla organisation. The party was the largest in the

Yugoslavs and Romanians in talks on tactics

VIENNA, Jan. 13. INDEPENDENT-MINDED Yugoslav and Romanian Communist leaders have decided to coordinate closely their tactics during the preparations for the Conference on European Security scheduled for the end of June in Belgrade. The common attitude towards Moscow was thought to be one of the major topics in the talks in Bucharest this week between Yugoslav Party Secretary, Mr. Alexander Rankovic, and the Romanian President, Nicolae Ceausescu. Meanwhile, an article in the Romanian Party paper stressed that the recent visit of the Italian Communist leader, Mr. Enrico Berlinguer, to Bucharest confirmed that both parties were determined to assert the principles adopted at the East Berlin International Communist Conference last summer about the full independence and autonomy of each Communist party and the non-interference in internal affairs. Yugoslav observers regard the five-day visit of a senior Italian Communist official, Sig. Giorgio Napolitano, to Budapest earlier this month as a significant sign of interest by the Hungarian party in the phenomenon of "Euro-communism." The Hungarian party has refused to condemn Euro-communism and has just now published the selected speeches and articles of Sig. Berlinguer in Hungarian, including the important speech the Italian leader delivered at the last Soviet Party Congress. The Yugoslav Press, meanwhile, has again begun publishing critical pieces about neighbouring Bulgaria, the Soviet Union's closest ally in Eastern Europe. Yugoslav Foreign Minister Milos Mincic said in an interview this week that due to the Macedonian conflict and recent Bulgarian ambitions, Yugoslavia is distrustful of Bulgaria's real motives. Her refusal to recognise the existence of a Macedonian nation is a barrier to a further improvement of Yugoslav-Bulgarian relations, he said.

Despite detente and the East-West German treaty of 1972, it is still virtually impossible for an ordinary East German to travel to the West.

fallen from its peak of more than 50 a day, but it is still well above the level of only a year ago. Regina Witte heard vague rumours of all this in Saxony. The East German Press was reporting nothing on the subject but attacks against West Germany had been building up in recent weeks. West German radio and television, which she follows regularly, have not said much, heeding the experience of 1961 when over-enthusiastic coverage of the massive exit of East Germans from their country may have contributed to the final stampede which ended in the building of the Berlin Wall on August 13, 1961. Until two years ago, Fraulein Witte had not seriously considered leaving East Germany. She wondered how many other East Germans, what life would be like in West Germany—was it as brilliant as the TV pictures? But there was no chance of her seeing the West with her own eyes, so she seldom thought of leaving. Then, in late 1974, she met Udo in an ice-cream parlour in her home town. Udo and his parents were visiting the town where they had lived until 1961. This was his first time in East Germany since he was taken to the West by his parents as a small boy. Along with many of the 5,000 escapees who were leaving East Germany each day, they rode on the elevated railway from East to West Berlin, with their belongings in a brown suitcase under their seat. Now Udo was a West German, just out of military service, and about to start work in a well-paid electronics job. He was one of the 7m. annual visitors to East Germany from West Germany and West Berlin. Udo, the other westerners, and the East Germans they were visiting, were beneficiaries of the Basic Relations Treaty signed in December, 1972, by the two Germanys. As the price for obtaining recognition by West Germany, and exchanging permanent missions between East Berlin and Bonn, East Germany

Sweden puts off aircraft decision

STOCKHOLM, Jan. 13. THE DECISION to build a new light trainer/strike aircraft for the Swedish air force has been postponed following a division of opinion within the three-party governing coalition. The Government order is essential for the Swedish aircraft industry and in the main, private firms, and manufacturers of the Draken and Viggen aircraft, who will be without work for their research and design staff. The small liberal party would not agree to the inclusion of a KR-300m, a year allocation for the development of the aircraft in the five-year defence budget to be presented to parliament this spring, although its representative on the defence commission had voted for it along with the centre and moderate parties. The Social-Democratic opposition is against expenditure on the aircraft. The new defence budget will entail spending of over Kr.50bn. in the 1977-82 period. Saab-Scania, it is understood, will be asked to cooperate with the Bofors company on the development of four missiles, two for the air force and two for the army.

New round of talks open on W. German pensions

BONN, Jan. 13. CHANCELLOR Helmut Schmidt and Herr Hans-Dietrich Genscher, leaders of the West German coalition parties, this evening opened yet another tense round of talks on the problems of the old age pension system, amid confident predictions from the Opposition Press that if they failed to agree, the coalition itself might be strained to breaking point. Although that is probably exaggeration, the two party leaders and their colleagues are all too well aware that as their under way, the handling of confused pension situations will be more closely followed than any other single piece of domestic policy. Just before the coalition formally took office last month, Herr Schmidt was forced by the FDP to fire his Minister of Labour, Herr Walter Minister, who was widely criticised for the confusion—and the Chancellor was even then lucky to be elected to the new Parliament. The FDP's anger then was caused by a clumsy compromise agreed by the party leaders as a means of keeping their election campaign promise to let old age pensions rise by nearly 10 per cent next July under the automatic indexation mechanism—a promise that the pension system's problems had earlier tempted them to break. It now appears, however, that even the calculations of future revenues and obligations worked out last month was too optimistic. Moderate wage increases and high unemployment threaten to limit contribution income, while a steadily rising proportion of pensioners rise to wage-earners and soaring bills for their medical care will increase the system's liabilities. As a result of higher average unemployment estimates alone, the DM83bn. (€20m.) cumulative deficit to be filled between now and 1980 is now thought by many politicians to be too low. It is also reported to be considerable scepticism over whether the device of raising wage-earners' contributions to the health insurance plan as a way of helping meet pensioners' demands on it could in fact do much to help.

Irish power dispute ends

DUBLIN, Jan. 13. IRELAND'S five-week electricity dispute, which has led to an increasing rate of power cuts in the last week and since yesterday had begun to disrupt industrial production, ended to-day when the 27 men at the centre of the row agreed to end their work-to-rule. The decision by the 27 men at the Shannonbridge post-branching power station, and therefore their colleagues at more than a dozen other power plants throughout the Republic to call off the go-slow came just as blizzards here started to accentuate the effects of the power cuts. The dispute centred around manning levels at the new E.T.M. extension to the Shannonbridge

EEC commissioner hints at US air industry links

LUXEMBOURG, Jan. 13. VISCOUNT Davignon added that he hoped to develop a programme under which, over a course of years, national government aids to the aeronautics industry would be replaced by European Community aid from Brussels. At the end of a brief debate on the problems facing the industry, Mr. Henk Vredeling, the Social Services Commissioner, said the problem of unemployment would be high on the agenda of any new programme to tackle unemployment generally in the EEC. In the past few years, there had been a decline of about 7 per cent in jobs in the aeronautics sector of the Common Market, but this was a general problem shared with the shipbuilding, textiles and artificial fibres sectors in particular.

Russian fishing plea

THE RUSSIANS, who are now barred from fishing freely in the 200-mile limit but who have yet to agree to talk to the Community about the problem, have re-emphasised that they are interested in negotiating for available fish supplies. In a report on Soviet fisheries policy, the leading periodical Literaturnaya Gazeta says that every year up to 70m. tons of fish are caught throughout the world, whereas offshore areas contain at least 500m. tons of fish that could be used as food. "If a littoral state cannot land 100 per cent of the potential fish catches or other sea produce it should allow other States to draw on the unused portion of its sea resources in the area" the report says.

European Commission to draft unemployment policy

LUXEMBOURG, Jan. 13. THE EUROPEAN Commission intends to draft a "significant and comprehensive" policy document during the next six months that will spell out a strategy for tackling the unemployment problem throughout the Common Market. Mr. Henk Vredeling, Commissioner for Employment and Social Affairs, told the European Parliament here today that the document would be put before the Council of Ministers and a specially convened tripartite conference as well as before the Parliament. In his first policy statement to MPs since becoming a Commissioner, Mr. Vredeling confirmed that his main concern would be to devise a strategy in close partnership with member governments to cut unemployment. He emphasised the need to deal with the underlying structural problems that caused unemployment, and for closer co-ordination of the agricultural, regional and social funds. At present, the policies of national governments were not sufficiently co-ordinated and often pulled in different directions, Mr. Vredeling said. What was needed was broader economic and social Community action that would complement each other and would dovetail into the policies of national governments. Meanwhile, a resolution proposing that the Common Market should make more use of its economic muscle when negotiating trading agreements with other countries was passed by the European Parliament despite fierce opposition from the Socialists. The disputed proposal, put forward by Mr. James Spicer, Conservative MP for Dorset North, was that the Community, in return for trade concessions, should seek guarantees for investment and for supplies of raw materials. The Socialist group argued that this attitude could be construed as an act of economic imperialism and an unfair use of economic strength against the Third World. A decision in the legal dispute between the U.K. and France over oil exploration rights in the Western Approaches should be reached by the end of the summer, the European Parliament was told to-day. Mr. Guido Brunner, European Community Commissioner for Energy, assured MPs that legal delays should not last more than six months, discounting British and French MPs' fears of protracted delays. The dispute over oil-drilling rights in a very promising area of the Western Approaches to the English Channel has been sent by the U.K. and France to the International Court of Justice at The Hague for arbitration. Both countries will put their case at the end of this month.

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AMERICAN NEWS

Christian Democrats attack Pinochet

By Our Own Correspondent

NEW YORK, Jan. 13. THE CHILEAN Christian Democratic Party, before the military coup of 1973 the country's largest single political grouping, is rapidly stepping up its attacks in the government of General Augusto Pinochet.

The Christian Democrats are counting on support from the latter administration in the United States and trust that Vice-President Mondale, in particular, who has expressed opposition to General Pinochet's policies, will increase pressure on the military junta in Santiago. However, the Chilean Christian Democrats have been rather favourable or neutral towards the Pinochet administration.

Christian Democratic opposition to the junta is most obvious in its new bulletin La Verdad (Truth), which members of the party are producing in Santiago or private circulation.

La Verdad, whose masthead motto is Lord Acton's aphorism "power tends to corrupt, absolute power corrupts absolutely," has much in common editorially with many sheets circulated in Chile and abroad by supporters of the former Allende Government.

Carter may relax Cuba embargo

BOSTON, Jan. 3.

RESIDENT-elect Jimmy Carter is expected to consult with congressional committees about relaxing the U.S. trade embargo against Cuba, the Boston Herald American has reported. The newspaper said that Mr. Carter would talk over the possibility of taking such action with the Senate Foreign Relations Committee and the House International Affairs Committee.

The newspaper reported that senior foreign policy advisers "advised" that Mr. Carter is considering "a partial lifting of the year-old trade embargo within the first 100 days of his administration."

The Secretary of State-designate Cyrus Vance appeared before the Senate Foreign Relations Committee on Tuesday. He mentioned a U.S. boycott of Cuba, saying that it "has been effective."

Mexico raises oil reserves estimate

MEXICO CITY, Jan. 13. MEXICO'S state oil company, Pemex, has sharply increased its estimates of petroleum reserves and announced new production figures which will make the country a major world oil exporter.

The Deputy Director for Production, Sr. Hector Lam Sosa, said that Pemex would progressively increase its exports of crude and refined petroleum to more than 1m. barrels a day by 1982 from the present 130,000.

He also said that the company, which has traditionally been cautious about its reserves, now believes that it has proven deposits of 11bn. barrels underground and good prospects of finding more oil. Reuter

Venezuela ends year with \$500m. budget surplus

BY JOSEPH MANN

CARACAS, Jan. 13.

VENEZUELA concluded 1976 year with a budget surplus of more than \$500m., according to the year-end report of the Central Bank with income of \$9,970m. and expenditure of \$9,460m.

This continues the trend set after oil prices rose precipitously in 1973, when official revenues and expenditures rose spectacularly. Thus far, in spite of steadily rising imports, the Democratic Action Party Government of Sr. Carlos Andres Perez has been able not only to successfully avoid trade deficits but to register surpluses and international reserves that are the envy of Latin American neighbours.

The Venezuelan Central Bank's preliminary report on 1976 economic activity revealed that the Government's total debt for the end of December reached 22.8bn. Bolívares (\$5,290m.), up more than 77 per cent from the \$2,980m. registered at the close of 1975.

The foreign component of Venezuelan official debt amounted to \$3,330m. The bank said this does not include a \$1.2bn. loan now being negotiated by the Government. Furthermore, the \$1bn. borrowed last autumn from a group of foreign banks did not add to the overall debt figure since this money was applied to refinancing existing short-term obligations.

Previous figures on Venezuelan Government debt were considerably lower than those published by the Central Bank in its 1976 review since other estimates failed to include indebtedness accumulated by all official agencies.

The Central Bank also reported that Venezuela's international reserves totalled \$8,570m. at the end of December, down 5.5 per cent from 1975.

The Government began 1976 with a \$770m. budget, but additional allocations brought it to an all-time high of \$10,360m. by the end of December. However, the Treasury ended the year with a healthy surplus since much of the projected, 1976

spending will be effected this year. On inflation, the Central Bank said that the cost of living index for the Caracas metropolitan area rose by 7.7 per cent, between January and November, down from the 10.5 per cent rate for the same period in 1975. Wholesale prices for the first three quarters of last year increased 7.6 per cent, the Bank reported, a substantial fall from the 15.2 per cent increase during the first nine months of the previous year.

The Bank report, presented by

Central Bank President Benito Raul Losada also stated that petroleum, iron ore, manufacturing, construction, commerce and banking performed favourably during the year while agricultural production—despite multi-billion dollar investments—declined.

Heavy flooding in some parts of the country, drought in other regions, disputes over prices and other problems seriously affected production in rice, maize, coa, sugar, meat and other items, and caused the Government to import heavily.

More payments problems predicted for Brazil

BY HUGH O'SHAUGHNESSY

NEW YORK, Jan. 13.

BRAZIL will have a substantial payments deficit this year and will continue to face unparalleled balances of payments difficulties for some years to come. This is the sombre conclusion of Prof. Edgar Bacha, formerly Professor of Economics at the University of Brasilia and now teaching at Harvard, in an analysis quoted in the current number of Opinião, the leading Rio de Janeiro political weekly. The analysis is published in the February issue of World Development magazine.

This year debt servicing will consume no less than 51 per cent of Brazil's receipts from imports, Prof. Bacha forecasts. The current account deficit should be about \$3.2bn., interest payments on foreign debts \$2.3bn. and amortisation \$3.6bn. and by the year-end Brazil's foreign debt, net of international reserves, should reach \$25.8bn. against \$22.6bn. at the end of 1976.

Prof. Bacha suggests that both this year and next will be years of austerity in Brazil as only through austerity will the Government keep its "international credibility."

He suggests that Brazil's international creditors are likely to force the authorities to continue a policy of austerity. "This means," he says, "that the investment plans which were able to be taken out again in 1980."

Opinião, which continues to be censored by the Government, appeared with blank spaces on its editorial page, indicating that excisions were made by the censor.

U.S. business to place new orders U.S. BUSINESS firms are getting ready to place new orders again after reducing their inventories over the past few months, the December survey by the National Association of Purchasing Management shows.

The survey, based on interviews with the group's members, shows an increasing number of purchasing managers planning additions to inventories in January while the number of those considering further cuts is declining.

Canadian consumer prices rise by 0.3%

OTTAWA, Jan. 13.

CANADA'S consumer price index rose to 157.7 in December up 0.3 per cent from 157.2 in November and up 5.8 per cent from 144.3 in December, 1975. Statistics Canada said. The index has a base of 100 for 1974.

The annual average increase during 1976 was 7.5 per cent, compared with 10.8 per cent in 1975, 10.8 per cent in 1974 and 7.5 per cent in 1973.

The index for all items excluding food was 147.9 in December, up 0.3 per cent from 147.4 in November and up 5.4 per cent from 136.4 in December, 1975. Notable price increases were registered for tobacco products, dry cleaning services and train fares.

On a seasonally adjusted basis, the all item consumer price index advanced by 0.3 per cent between November and December. This included a 0.7 per cent increase in the food index and a 0.3 per cent rise in the index for all items excluding food.

In December the current annual rate of change in the consumer price index based on the seasonally adjusted movement in the latest three-month period was 6.8 per cent. AP-DJ

Ford's control over Republican Party now seems tenuous

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Jan. 13.

THE ONLY remotely surprising element injected into the actual delivery of President Ford's final State of the Union message last night was the use of one word—"maybe."

"This report," Mr. Ford said, "will be my last," and then he paused and added the word "maybe," producing laughter and then applause.

But in spite of the sentimentality and affection for Mr. Ford that marked last night's ceremonial occasion, the reality seems to be that the President's control over the Republican Party, and therefore his hopes for securing the nomination to run again for the presidency, is at best tenuous.

Even his long-time friend, Congressman John Rhodes from Arizona, the House Republican leader, seemed to concur with this last night. He was asked on television after the speech if he thought Mr. Ford would be the dominant force in the Republican Party in the future and replied with some care that in his view Mr. Ford would be "a force" no more.

First proof of this is going to be provided to-morrow and over

the week-end when the party hierarchy meets in Washington to select a new National Chairman. With the withdrawal earlier this week of Mr. James Baker, the President's campaign manager, Mr. Ford has no candidate of his own whose case he can unreservedly back.

Mr. Baker took his name out of consideration because he concluded that even if he did win, it would only be after the protracted sort of battle that he had little enthusiasm for. This, in itself, is evidence of the split between Conservatives and moderates inside the party and the inability of Mr. Ford to impose unity over the recalcitrance of Mr. Ronald Reagan and Mr. John Connally.

The leaders in the contest appear to be Mr. Richard Richards from Utah, Mr. Reagan's choice, and ex-Senator William Brock from Tennessee, a conservative figure to be arguably acceptable to at least some party moderates.

But there are a handful of state party chairmen who have thrown their hats into the ring, any one of whom could emerge as a compromise selection.

Date for summit after trips by Mondale

U.S. PRESIDENT-elect Jimmy Carter and Japanese Prime Minister Takeo Fukuda have agreed that the date and place of the forthcoming economic summit of leaders of leading industrial nations should be fixed after visits to Europe and Japan by Vice-President-elect Mr. Walter Mondale, according to Japanese Government sources. Reuter

reports from Tokyo. The agreement came during a 15-minute telephone conversation, the first of a series Carter intends making to leaders of major U.S. allies, during which Mr. Fukuda was also invited to visit Washington, they added.

Miami-Paris flights

National Airlines has asked the Civil Aeronautics Board (CAB) for temporary permission to fly non-stop between Miami and Paris from May 1. The flights would operate four times a week in the peak summer travel season, three times a week in winter. Mr. J. Dan Brock, president of marketing, said at a news conference in Miami yesterday that U.S. flag service from Paris to Miami "can be expected to generate needed tourism from Europe to South Florida."

Concorde ban sought

The Connecticut Transportation Commissioner has proposed a Bill to ban Concorde from landing in that state. AP-DJ reports from Hartford. Commissioner James Shugrue appeared before the state legislature's Transportation Committee to request passage of the Bill and several other measures related to his department. The Concorde Bill would set noise limits at Bradley International Airport in Windsor Locks, the only airfield in the state that could accommodate the Anglo-French aircraft.

CAB backs fare rise

THE Civil Aeronautics Board (CAB) has authorised increases in various promotional fares between the U.S. and Pacific ports until March 31. AP-DJ reports from Washington. At the same time, the Board disapproved increases in regular economy and first class fares. Increases in group fares range from 5 per cent to 10 per cent over those now in effect. The two U.S. carriers affected by the CAB action are Pan American World Airways and Northwest Airlines. The CAB said that the two carriers could be expected to receive \$15.7m in added revenues if the increases were to apply for a full year.

General Telephone 'made Philippines payments'

BY STEWART FLEMING

NEW YORK, Jan. 13.

THE SECURITIES and Exchange Commission has alleged that General Telephone and Telegraph has made payments of some \$4.5m. in connection with the sale of its controlling interest in Philippine Long Distance Telephone.

The SEC suit is filed against Philippine Long Distance Telephone, rather than General Telephone. But it alleges that the latter company made an agreement with stockholders of Philippine Telecommunications, which now controls Philippines Long Distance Telephone, where it would pay them undisclosed commissions in connection with Philippine Telecommunications' purchase in 1977 of General Telephone's controlling interest.

in Philippine Long Distance Telephone. The suit alleges that the Philippine Telecommunications' investors group received \$1m in personal loans, and a promise to pay an additional \$1m, in commission payments in 1971 in exchange for "directing" Philippine Long Distance Telephone to sign a supply contract with General Telephone worth about \$20m.

General Telephone has previously described the arrangements in corporate reports but did not identify any company, person or country involved. The defendants named in the suit, without either admitting or denying the SEC's allegations, have consented to a Federal court order to settle the complaint.

The paint you don't see—the primer—is also important in determining the life of the car body it protects.

And who has provided Ford with an advanced electrocoat primer, for the car that's 'Built to Last'?

Hoechst—through its subsidiaries Berger Paints in the UK and Stollack in Austria.

Hoechst is one of the world's largest companies. Last year it spent over £200 million on research alone.

Hoechst in the UK employs over 8,000 people. In 1976 its UK companies had a turnover of about £300 million.

Its products in the UK, apart from decorative and industrial paints, include plastics, dyestuffs, chemicals, fibres, pharmaceuticals, sunglasses, hair care products, perfumes.

Hoechst

In the UK, Berger paints are produced in Dagenham, Stratford, Bristol, Newcastle, and East Kilbride.

For more facts, please write: Care of Hoechst, Salisbury Road, Hounslow, Middlesex. Or phone 01-570 7712 ext. 3145.

Care of Hoechst

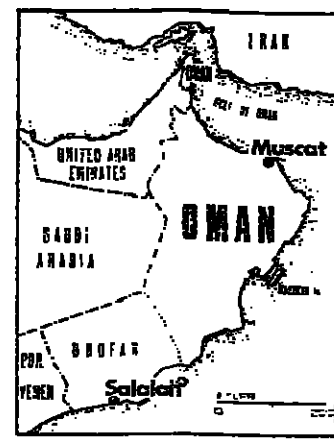
OVERSEAS NEWS

Iran may withdraw troops from Oman to calm Gulf

BY ROBERT GRAHAM, MIDDLE EAST CORRESPONDENT

TEHRAN, Jan. 13.

THE SHAH of Iran has decided to withdraw most of his troops from Oman where, for more than four years, they have been supporting Sultan Qaboos against the Dhofari rebels.



At present, the Iranian expeditionary force in Dhofar, the southern province of Oman which borders on the People's Democratic Republic of Yemen (Aden), has two battalions and an aircraft carrier.

Iranian presence posed was evident in November, when the Gulf foreign ministers were meeting in Muscat, and an Iranian jet fighter on a reconnaissance flight was shot down over the Republic of Yemen.

Tax cut approved by Japan Cabinet

By Douglas Ramsey

TOKYO, Jan. 13.

THE JAPANESE Finance Ministry asked today for a 19.1 per cent increase in public works spending in fiscal year 1977 to get the economy going, and won cabinet approval for a 31bn. (¥316bn) cut in taxes to offset an 187bn. increase in real incomes in 1976.

The cabinet is expected to endorse shortly the draft 1977 budget announced today by Finance Minister Hideo Bo.

WORLD TRADE NEWS

ECGD statutory limit to be increased to £25bn.

BY LORNE BARLING

CREDIT SUPPORT for British exporters by the Export Credits Guarantee Department is to be increased from £18.2bn. to £25bn. with provision for further increases to a total of £40bn.

The measures are proposed in the International Finance, Trade and Aid Bill, published yesterday, which also contains proposals to enable ECGD to take on foreign currency commitments of up to 10bn. special drawing rights (SDRs).

ECGD stressed yesterday that the powers to extend direct loans to overseas buyers of British exports in certain circumstances, were regarded as a contingency which would be used only in exceptional circumstances.

That ECGD will be able to play a role as guarantor to the existing portfolio for continued availability of foreign currency. The Bill will authorise ECGD to undertake commitments in foreign currencies under a limit of 10bn. SDRs, under a total of 10bn. SDRs. At present £1 is the equivalent of 147 SDRs.

Israel awaits Paris explanation

BY L. DANIEL

TEL AVIV, Jan. 13.

ISRAEL IS awaiting an explanation by the French Government regarding the release of Palestinian guerrilla leader Abu Daoud before taking any decisions on future Franco-Israeli relations.

break off diplomatic relations. One of the subjects bound to come up for re-examination is the visits to Israel by the French Foreign Minister, M. Louis de Guingaud, the French Minister of Commerce and Industry, M. Michel d'Ornano, and the French Minister of Culture, Mme. Francoise Girard which had been planned for coming months.

judgment of the actions of French justice," according to a Foreign Ministry statement. Reuter adds from Bonn: Herr Paul Guenther Poetz, head of the West German Justice Ministry's Department of International Law, accused French Justice authorities today of using a formality as an excuse for freeing Daoud.

Electronics aid plan rejected

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

A SENIOR official of the European Commission yesterday rejected criticism that the organisation is giving insufficient aid to Europe's electronic information industries (computers, telecommunications and electronic components).

Underlining the importance of the Commission's proposals for shifting some of its Budget spending away from agriculture towards industry, Mr. Layton said the electronic information industries would be responsible for over six per cent of national GNPs in the 1980s, and represented "the most important industrial sector for the future growth and development of a modern economy."

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Jordan's re-emergence welcome

BY TOM ACKERMANN

TEL AVIV, Jan. 13.

REINFORCED in its convictions by the Abu Daoud affair, Israel remains determined to fend off any new Middle East peace initiative that offers the Palestine Liberation Organisation a sovereign negotiating role.

the PLO could be presumed to enjoy parity standing with the established governments. The most significant sign of the PLO's political eclipse, analysts here believe, is Syria's apparent decision to join Egypt and Saudi Arabia in coaxing a wary King Hussein towards resuming an active diplomatic role.

during which he expressed support for a territorial plebiscite following Israeli withdrawal and pointedly denied the PLO's automatic right to form a Government. If the question of representation at Geneva can somehow be overcome, the minority caretaker Government of Mr. Yitzhak Rabin would be prepared to participate in a ceremonial reopening of the conference even before general elections take place here on May 17.

Sweden wins role in trade arbitration

BY WILLIAM DUFFICE

TRADE disputes between the U.S. and the Soviet Union will in future be arbitrated in Stockholm, according to an agreement reached in New York yesterday.

Kaufman in Hague talks

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

Mr. Gerald Kaufman, Minister for Aerospace in the Department of Industry, visited the Hague yesterday for talks with Dr. Lubbers, the Dutch Minister for Economic Affairs, on future collaboration on European aerospace ventures.

Hong Kong protest

HONG KONG has officially protested to the textile surveillance body against Canada's decision in late November to cut back textile imports from the existing levels and impose a global quota.

Australian payments into surplus

CANBERRA, Jan. 13.

A SHARP LIFT in net apparent capital inflow swung Australia's balance of payments, as measured by net official monetary movements, to a \$404m surplus in December, from an \$85m (revised) deficit in November, the Statistics Bureau reported. This compared with a \$939m deficit in December, 1975.

Rhodesia UN hearing bid

SALISBURY, Jan. 13.

RHODESIA today said it had formally asked to be allowed to participate in a United Nations Security Council debate in which Botswana alleges border violations by Rhodesian forces.

China denies Teng named as Premier

PEKING, Jan. 13.

A REPORT in a Hong Kong newspaper this morning that Teng Hsiao-ping had been appointed Premier of China was "totally groundless," a Chinese foreign ministry official said today. Teng was succeeded by Chou En-lai as Prime Minister until his disgrace last year.

Brazilian motor industry facing the problems of success

BY DAVID WHITE IN RIO DE JANEIRO

IN THE 20 years since the Brazilian motor industry's first projects were drawn up, it has stood as a symbol both of Brazil's drive for rapid industrialisation and of its receptivity to foreign capital.

Retaliation by EEC shipbuilders expected

BY DAVID BUCHAN

THE EEC Commission is leading ahead in the wake of the failure of EEC-Japan talks in the forum of the Commission of Economic Cooperation and Development in Paris, week with preparing measures to protect its own share in shipbuilding.

Tokyo car talks begin

BY DOUGLAS RAMSEY

TOKYO, Jan. 13. REPRESENTATIVES of the Community began today on a day on 1976 car emission control which if enforced, could mean most European cars out of the market.

Nippon wins Iran order

TOKYO, Jan. 13.

NIPPON EXPRESS has received a ¥10 bn. order from Iran for Petrochemical for the transportation and installation of petrochemical plant and equipment for the Bandar-e Shapur petrochemical project planned by IJPC.

ON OTHER PAGES

International Company News: Peugeot-Citroen record Swedish Match workers ... 20/21 Farming and Raw Materials: Tin buffer stock exhausted World wheat crop estimate up 23

PLO tops agenda in Hussein-Sadat talks

BY MICHAEL TINGAY

CAIRO, Jan. 13.

KING HUSSEIN of Jordan arrived in the Upper Egyptian town of Aswan today for five days of talks with President Sadat, the central theme of which is likely to be the future of the Palestinian Authority.

conference, and Jordanian-Egyptian relations. Discussions should close the circle with the limited Arab summit in Riyadh in October which forced the rapprochement between Egypt and Syria and ended with the civil war in Lebanon. Rapidly improved relations between Cairo and Damascus led to the visit last December by President Hafez Assad for talks with Mr. Sadat.

declaration that a series of peace committees would be set up to question, however, surrounds the two states. Syria had already been working with Jordan for a long time on a similar long key project to bring Amman and Damascus closer together. The moves towards unambitious and loose-linked unity will be completed by the Aswan talks and enable the three leaders to develop joint representatives of the Palestinian approach to the latest Arab people.

Vertical advertisements on the right edge of the page, including 'Halibut oil find', 'Bedford heavy', and 'Change'.

HOME NEWS

Halibut makes promising oil find near Thistle

BY RAY DAFTER, ENERGY CORRESPONDENT

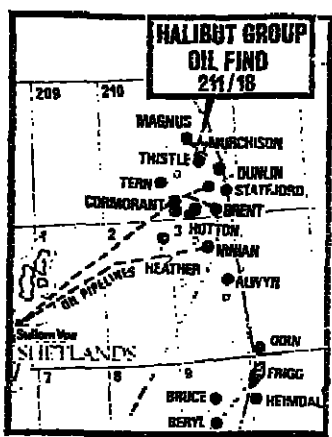
THE HALIBUT group of offshore operators, led by the British National Oil Corporation, has made a promising oil find close to the Thistle Field.

An exploration well, drilled in an extreme North-East corner of block 211/18, tested an oil flow at an average rate of 8,100 barrels per day.

The high-gravity oil flowed during production tests of a 40 feet perforated interval of sandstone. The group said that substantial additional Middle Jurassic sands were shown to be possibly productive, but further tests could be necessary.

Industry reports suggest that the find could be linked to another discovery, made in July, two miles to the South-West. If this is so, the structure could contain sizeable recoverable reserves.

While it is too early to evaluate the commercial potential of these two finds, their prospects are enhanced by the close proximity to the Thistle Field of a recent pipeline system. Thistle, discovered in 1973, has an estimated 450m. barrels of recoverable reserves. Foundation drilling is in progress for the steel production platform and oil is expected to start flowing in the fourth quarter of this year.



Map showing the Halibut Oil Find location near the Thistle Field, with various geological features and well locations marked.

The Phillips exploration group has had another setback with tests near the Thistle Field on block 16/17. The company said that the third well on the concession had been plugged and abandoned as a dry hole, at a total depth of 12,433 feet.

It added that the Western Oceanic Pacesetter One drilling rig was being moved to drill another exploratory well, about three miles to the north of the Thistle discovery.

If this also proved disappointing, the group might abandon attempts to find commercial oil in the 16/17 block. It is understood that the reserves so far identified are too small to be a commercial proposition.

Since the Thistle discovery, Phillips group has drilled two dry wells. This test is the latest in a series of disappointments in that area of the North Sea, highlighting the complexity of the Brae-Thema geological trend.

Interest in block 16/17 area, Phillips 15.5 per cent; British 1.0 per cent; Agip 17.88 per cent; Century Power and Light 18.6 per cent; and Oil Exploration Holdings 18.82 per cent. North Sea oil review Page 19

Computer system delayed again

By Christopher Lorenz, Electronics Correspondent

CONTINUING problems with complicated computer software have again delayed the start of a swift worldwide interbank communications network.

After several delays, banks in Germany and the three Benelux countries had planned to start using the system next month, but French and British banks following in mid-February.

This would have put 140 banks and branches onto the network, which will eventually enable over 480 banks in at least 17 countries to exchange financial data.

The banks in Germany, Luxembourg and the Netherlands are expected to delay operations until at least April, though most of SWIFT's British and Belgian, and some French banks, could now be using the system by late next month or early March.

The continued software problems are in various parts of the network, though the single most disruptive element appears to be late delivery of terminal software by one computer manufacturer.

The Netherlands and, especially, Luxembourg will be heavy users of this equipment, as will one of the big three German banks.

The other German banks have been reluctant to delay their own operations, rather than put the third at a competitive disadvantage.

The new plan is for final trials to start between 20 banks from the six countries at the end of this month. A date for the Franco-Belgian-U.K. takeover will be set in the light of the trial's experience.

Shell plans chemical works for Fife coast

By Ray Dafter, Energy Correspondent

SHELL HAS submitted plans for a £120m. chemical plant in Fife. Local authorities are preparing themselves for a public inquiry into the scheme which would include a jetty on the coast between Dalgety Bay and Aberdeen. Fife and district councils are employing Cremer and Warner as independent consultants.

Sir George Sharp, convener of the region, commented yesterday: "We are all concerned about the possible effect on the environment, and we have been reassured that any development makes the minimum impact consistent with the provision of job opportunities in the area."

The region has indicated that it will not add support to the planning application until the consultants' report has been received. The project would provide more than 200 jobs in the building stage and work for about 75 in the operation phase.

Eso, a North Sea partner of Shell, is also considering building a major ethylene plant in the Fife area. It is envisaged that like the Shell complex, the cracker would be based on an ethane gas feedstock, shipped from the companies' Brent and Cormorant fields.

Hamlyn price rise rejected

HAMLIN PUBLISHING Group has had its price rise rejected by the Price Commission in November. The commission wanted to make its non-fiction illustrated books 3.02 per cent dearer.

In all, the Commission intervened in 82 applications last month. In 47 cases, the price rises were approved by the Commission and in another 10, the companies withdrew the notifications.

Welsh CBI attacks withdrawal of regional employment subsidy

BY MAX WILKINSON IN CARDIFF

THE GOVERNMENT'S decision to withdraw the regional employment premium has been attacked by the Welsh CBI, which says it will be a blow to the Welsh economy.

The Confederation said the decision was "without consultation" and "without any opportunity to adjust at a time when the Government is trying to reduce the regional employment premium."

Representatives of the CBI from Wales met in a meeting in London on Wednesday, and the matter is to be taken up by Mr. John Meaden, the CBI secretary, with the Chancellor, Mr. Denis Healey.

The CBI said it would urge the Government to "reconsider" the withdrawal of the subsidy for a year to give industry a breathing space. The CBI is also protesting against the withdrawal of the subsidy.

The decision to end the premium was announced by the Budget Secretary, Mr. Nicholas Ridley, in a speech on December 15. Since then, a number of CBI members have shown their opposition to the decision.

Mr. John Meaden, CBI Welsh secretary, said at a press conference yesterday that the 4,000 jobs created by the subsidy would be lost if the Government's decision was implemented.

The new campaign aims to stop the Government's plan to withdraw the subsidy from Wales to the steelworks in Scotland.

The Wales for Assembly Campaign, conceived only seven days ago, claims to be a spontaneous association of individuals from all parties, persuasions, professions and trades.

Its chairman, Prof. Glyn Davies, professor of banking and finance at the University of Wales Institute of Science and Technology, said: "Many people in England, especially the politically naive, have tended to identify demands for an Assembly with the Nationalist party, Plaid Cymru."

"We have demonstrated that many people from all parties, and from some support the idea. Our message to MPs of all parties is to leave Wales in the Bill. Instead, work to improve it. We believe that an elected Assembly will not only strengthen democracy in Wales and in Britain, but will also eventually have a profound effect on the economic and social wellbeing of Wales and the U.K."

Mr. Gwyn Morgan, MEC Representative for Wales and Treasurer of the campaign, said: "The development of the Bill is a large extent dependent on initiatives within the regions themselves. The establishment of an Assembly will be a focus and promote such initiatives."

The campaign is financed entirely by voluntary contributions from the thousands of individuals who have signed the petition. Wales being dropped from the Bill would mean that Wales would be left out of the Assembly. Mr. Morgan said: "We will take such fierce action as we come to it."

Mr. Meaden said the Government's decision to withdraw the regional employment premium has been a blow to the Welsh economy. He said the Government had not consulted the Welsh CBI before making the decision. He said the Government's decision was "without any opportunity to adjust at a time when the Government is trying to reduce the regional employment premium."

Forward the Cardiff 700

SEVEN HUNDRED true Welshmen took the field in Cardiff yesterday in a determined attempt to keep the devolution bill in play writes Max Wilkinson. In what many of them see as the greatest Wales versus England struggle of all time they launched an appeal for supporters, with full-page newspaper advertisements and a big Press conference. They fear that their cause is losing ground, especially at Westminster, and that anti-devolutionists are scoring heavily with propaganda that most Welshmen are no longer interested in an Assembly. The new campaign aims to stop the Government's plan to withdraw the subsidy from Wales to the steelworks in Scotland. The Wales for Assembly Campaign, conceived only seven days ago, claims to be a spontaneous association of individuals from all parties, persuasions, professions and trades. Its chairman, Prof. Glyn Davies, professor of banking and finance at the University of Wales Institute of Science and Technology, said: "Many people in England, especially the politically naive, have tended to identify demands for an Assembly with the Nationalist party, Plaid Cymru. We have demonstrated that many people from all parties, and from some support the idea. Our message to MPs of all parties is to leave Wales in the Bill. Instead, work to improve it. We believe that an elected Assembly will not only strengthen democracy in Wales and in Britain, but will also eventually have a profound effect on the economic and social wellbeing of Wales and the U.K."

Bedford recaptures lead in heavy truck market

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FURTHER INDICATIONS of Lorry's recovery from a long period of relative decline merged yesterday in figures which showed Bedford, its revival vehicle subsidiary, re-establishing market leadership in heavy trucks.

Bedford's achievement stands out against a generally poor performance by the other three U.K. heavy truck manufacturers, who saw their sales decline last year.

Ford, last year's market leader, fell into second place, followed by British Leyland and Chrysler. Ford retained overall market leadership, taking into account smaller vehicles, with total sales of 65,502 units against Bedford's 60,008 for the year.

The figures, published by the Society of Motor Manufacturers and Traders, show that the commercial vehicle industry was still struggling last year to emerge from the depression which engulfed it in 1975.

The market was down by 5 per cent, on the previous year to 208,925. In spite of this gloomy result, however, there were strong indications that by last month the market was beginning to pick up again. Sales overall rose from 13,479 in 1975 to 13,676.

Table with 5 columns: Manufacturer, 1976, 1975, 1976, 1975, 1976, 1975. Rows include Bedford, Leyland, Chrysler, Ford, ERF, Foden, Seddon Atkinson, Others, Total British, Imports, GRAND TOTAL.

and production has also been rising to keep pace with this growth. Sales last year were down in every sector of the British industry, but the domestic manufacturers must be particularly anxious about the performance of the heavy sector of more than three-and-a-half tons.

The problem here is that, in spite of Bedford's good performance, British sales fell overall, from 82,229 units to 45,436, while imports rose from 5,488 units to 7,322.

In 1975, the importers suffered a sharp setback in this sector, and there were hopes that the growth of imports had been checked permanently. But with total imports up from 11.7 per cent, in 1975 to 13.96 last year, this does not appear to be the case.

Among smaller vehicles, the outstanding feature was the growth of Daihatsu pickup sales, from only 27 units to 3,506, and Honda's arrival on the scene with sales of 1,149 vans.

These sales have been seen in the industry as one response by the Japanese industry to the restrictions which are now being effectively imposed on the growth of imports of their cars.

In the car-derived van and pickup sector, British Leyland headed the market from Ford and Bedford. Ford, because of its strength in the Transit van, headed the field in the market for vehicles of up to 3½ tons.

Sheerness car terminal scheme to go ahead

BY OUR SHIPPING CORRESPONDENT

MEDWAY PORTS Authority is to spend almost £1m. on building a deep sea car terminal at Sheerness. The decision to go ahead with the project follows the placing of a contract by Mazda, the Japanese car manufacturer, to ship all of its exports to the U.K. through Sheerness.

The terminal will be capable of handling the largest car carriers afloat and with a capacity of 100,000 cars a year could make Sheerness a leading port for the import and export of motor vehicles. Vehicles which have acquired priority use of the terminal for five years, and other smaller shipments are expected to account for about 30,000 cars a year. This more than compensates for the loss of the SDR3.66m., representing 125 per cent of the quota.

This compares with the total of SDR4.06m. (about 87,700) available at present including the temporary 45 per cent increase. Small rise The new IMF agreement provides in total for an average rise of 32.5 per cent in quotas, with the new total of fund quotas rounded up to SDR380m.

Sheerness is looking for additional motor vehicle business and has been encouraged by recent signs of favour from both British Leyland and Ford, who used the port for exports last year. The terminal will consist of a floating concrete pontoon. Transit parks for 100,000 cars will be provided within the docks. Provision is being made on the southern end of the pontoon for an additional roll-off berth because existing facilities are thought unlikely to be able to meet future demand. Sheerness is particularly anxious to win a greater share of the roll-off trade between the U.K. and the Middle East. Although the port is excited about the prospect of this terminal, the project could bring criticism from elsewhere in the ports industry.

CHANGES IN BORROWING RULES

BY MICHAEL BLANDEN

NEW LEGISLATION to change rules governing Britain's participation in the International Monetary Fund was published yesterday.

One result will be to reduce amounts which Britain will be entitled in future to draw on the Fund below the totals available under the recently quoted \$9.9bn. credit. However, it is stressed that the changes will not affect the amounts available under the present agreement.

The new standby credit agreed in the IMF includes the temporary 45 per cent increase in drawing rights of the Fund which was agreed at the Jamaica meeting in January last year. The new quotas for members being put into effect exclude a temporary increase. The new measures, explained in two White Papers published yesterday, put into effect for Britain the increases in member countries' quotas agreed in January last year, producing significant increase in world liquidity. They also reflect the changes which were proposed in the IMF's new agreement to take account of the new wave of oil-producing countries, and alterations in the IMF Articles of Agreement.

Under the quota changes, Britain's total quota rises only by 4.5 per cent, from 2.86m. special drawing rights to SDR2.925bn. (about \$3.39bn.). This would give Britain total drawing rights of some SDR3.66bn., representing 125 per cent of the quota.

This compares with the total of SDR4.06m. (about 87,700) available at present including the temporary 45 per cent increase. Small rise The new IMF agreement provides in total for an average rise of 32.5 per cent in quotas, with the new total of fund quotas rounded up to SDR380m.

But the quotas of the major oil exporters are being increased by doubling their share, so that the relatively small rise in Britain's quota reflects the general drop in the share of the industrialised countries and the reduced relative importance of Britain as a trading nation. The Bill (the International Finance, Trade and Aid Bill) is introduced to authorise participation of Britain in the new agreement, and the opportunity is also being taken to provide that future increases can be made by affirmative order.

At the same time, the Bill provides for changes in the Fund's articles, including in particular recognition of the reduced role of gold and the greater emphasis being laid on the SDR as a measure of value. They also give formal recognition to the right of countries to maintain floating exchange rates rather than fixed parities, with enhanced IMF surveillance. The Bill also covers changes to the legislation covering the Export Credits Guarantee Department, and clauses concerning aid for the developing countries. The Statutory Limits on the borrowing powers of the Commonwealth Development Corporation were set in 1968 and will soon be reached. The Bill raises the limit on borrowing from £290m. to £500m., and allows the Minister of Overseas Development to make further increases by order with the consent of the Treasury up to a total of £570m. Within this, the amount that may be borrowed by the Corporation from the Exchequer is raised from £240m. to £490m. or by similar order with Treasury consent, up to £550m. The Minister of Overseas and Aid Bill, SO, 35p

Development is given power, with the consent of the Treasury, to release the Corporation from the outstanding balance of certain sums placed in a deferred liability in 1961. The sums consist of capital advanced in respect of projects which were begun before 1951 and subsequently abandoned, and deferred interest which had accumulated at December 30, 1960. Resolution order Remission of the obligation to give rise to a maximum liability of about £17m. The Bill also expands the range of international development institutions to which the Minister can make payments, subject to affirmative resolution order, if the Government desires to do so by international agreement. Proposals for increasing the Resources of the International Monetary Fund. Cmd. 6704 SO, 35p. The Second Amendment to the Articles of Agreement of the International Monetary Fund. Cmd. 6705, SO, £1.35. International Finance, Trade and Aid Bill, SO, 35p

NOTICE OF REDEMPTION

To the Holders of Conoco Eurofinance N.V. 8% Guaranteed Debentures due February 15, 1985

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated as of February 15, 1971, among Conoco Eurofinance N.V., Conoco Oil Company, Guarantors and Bankers Trust Company, Trustee, that \$2,800,000 principal amount of Conoco Eurofinance N.V. 8% Guaranteed Debentures due February 15, 1985 has been selected by the Trustee for redemption on February 15, 1977, through operation of the Sinking Fund provided for in Section 3.02 of the Indenture dated as of February 15, 1971, at the principal amount thereof. The following are the serial numbers of the 8% Guaranteed Debentures which will be redeemed in whole.

\$2,800,000 Guaranteed Debentures in the principal amount of \$1,000 bearing the prefix M

Large table listing serial numbers of debentures to be redeemed, including columns for serial number, principal amount, and interest.

The redeemed Guaranteed Debentures should be presented with all coupons outstanding after February 15, 1977. Coupons maturing on February 15, 1977 and prior thereto should be detached and surrendered for payment in the usual manner. From and after February 15, 1977, interest on redeemed Guaranteed Debentures will cease to accrue.

CONOCO EUROFINANCE N.V. BANKERS TRUST COMPANY, Trustee Dated: January 14, 1977

HOME NEWS

Unions Win Rights Worker directors scheme attacked

By Rhys David, Chemicals Correspondent... BOARDROOM decision-making is beginning to resemble collective bargaining...

British Airways to seek 50% cut in holiday fares

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS said yesterday that it will press next week at an airlines' meeting in Geneva for the introduction of a wide range of new, cheap Advance Purchase Excursion fares in Europe this summer...

Profits for British car dealers drop

By TERRY DODSWORTH

LEADING CAR dealers in Britain have suffered an overall decline in profitability during the last two years, according to a report from Inter-Company Communications...

MP in talks with Ministers to save factory

AN MP led a deputation to see Ministers last night to discuss the closure of the plant of the Moderna blanket company, Sowerby, Yorkshire, and the possible redundancy of its 350 employees...

'Excessive spending' by council

By OUR BARNSELY CORRESPONDENT

BARNSELY COUNCIL'S building department was officially criticised yesterday for not keeping abreast with its more efficient private enterprise counterparts...

BRITISH LEYLAND'S BUS MONOPOLY CHALLENGED Competitor emerges in Midlands

By PETER CARTWRIGHT

WEST MIDLANDS passenger transport executives are facing a local challenge to Leyland's double-decker monopoly which will bring the production of complete buses to the region and create up to an extra 1,500 jobs over the next few years...

Giving details of its plans, British Airways said that they would carry two main conditions—the customer must stay not less than two weeks (one week only in the case of Greece), and not longer than three months, while the tickets must be bought at least one month before travel...

Paper costs threaten magazines

By Our Industrial Staff

SOME MAGAZINES will go out of business if rises in the price of imported paper are forced through, according to British periodical publishers...

Packaging costs are showing marked increase

Financial Times Reporter

A MARKED increase in the rate at which packaging costs are going up is indicated by figures showing that prices rose by 2.09 per cent in November...

MP in talks with Ministers to save factory

Mr. Alan Williams, Minister for Industry, and Mr. Michael Meacher, Under-Secretary of State, met Mr. Madden said: "This firm was acquired in late November by a firm called Sons Consultants and within days they declared they were to close it and make all its employees redundant..."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PROCESSES Thin aluminium coatings

LIKE OTHERS in the aircraft design and construction business, McDonnell Douglas Corporation in the U.S. has developed manufacturing processes which could be of great interest to industries far removed from the construction of aeroplanes...

INSTRUMENTS Infrared senses gas levels

EQUIPPED with improved infrared photometry is a new gas analyser from Leybold-Heraeus which should be of interest to motor engineers, environmental chemists, factory inspectors and intensive care units...

Easily made sections

A CONSIDERABLE degree of convenience is offered to the microscopist in a new ultramicrotome, the Ultratome IV, put on the market by LKB Instruments, 222 Addington Road, Selston, South Croxson, Surrey GU1 5YD (01-657 8822)...

Fast results from new analyser

COMBINING data acquisition and processing on the earlier DS50 mass spectrometer, allowed the Scientific Apparatus Division to speed the rate of sample throughput and speed the production of results...

SAFETY Protects the compressor Big lathe from Japan

EQUIPMENT WHICH has been specifically designed for the protection of compressors, but which could be applied to almost any plant subject to operating defects, has been developed by Joan Davis and Son (Derby), (0332 41671), a Doulton Engineering Group company...

METALWORKING Hydraulic furnace charger

WITH A capacity of 2 tonnes, a mobile machine for charging alloying additions to the melt of electric arc furnaces has been designed by Taylor Machines. The units are built by Greenbat, Armley Road, Leeds LS12 2TP (0532 42933)...

TRANSPORT Vehicle routing costs cut

TRANSPORT MANAGERS can now obtain optimal schedules for their long-distance vehicle fleets with a technique developed by the National Physical Laboratory. The method of scheduling is a specialised application of the basic research in mathematical programming at NPL. The power of the new method became apparent when it was applied to freight routing...

GK TorBar Now in 50mm dia. GKN (South Wales) Ltd, Castle Works, Cardiff. Tel: 0222-330333. Telex: 49316

CONSTRUCTION Measures twist of structures

BUILDING Services Engineering Society is to demonstrate LEOMA Laser Electro-Optic Measurement and Alignment at a lecture to be given on March 3 at 5.30 p.m. in the lecture theatre of the Institution of Civil Engineers...

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The Property Market

BY QUENTIN GUIRDHAM

Why planning restrictions may be eased

On Wednesday the Government published a summary of three inner city area studies, carried out since 1972 by different firms of consultants in Liverpool, Birmingham and London. Together with associated action projects in the areas concerned, these reports represent the fruit of £2m. of Department of Environment expenditure. Introducing them, Reg Freeson, Minister for Housing and Construction, said that the full research studies, when published soon, must represent part of the basis for action and not be reduced to the status of reference books. You would not get better than odds-on that they will become precisely that, useful data for those who will receive mortgages to produce more studies. But, despite the present shortage of public money to be directed to any new cause such as the inner cities, and despite the host of truisms the reports contain — such as that families tend to like living in nice suburbs rather than nasty slums, so that skilled workers move out

of central areas, leaving the tenants to the unskilled and the blacks, 100,000 which do not need £2m. to discover but have to be reported — these studies will shape positive action, and action of particular significance to the property industry.

The reasons for thinking this are twofold. Peter Shore, Environment Secretary, has hitched his wagon to the star of inner city regeneration to the extent, some might argue, that he spent time last year making speeches on the subject which could have been better employed in finalising the long overdue Housing Review. As a junior, in Mr. Freeson, he has that perhaps rare example of a politician with a portfolio who both knows and is committed to the subject. Secondly, the decisions to be taken which most affect the property industry are not ones which demand heavy public expenditure.

Three areas may be involved: competition for industrial developers from national or local government agencies; changes in planning controls, both in the national sense of Industrial Development Certificate and Office Development Permit controls, and in the local sense of zoning regulations; and valuations of (mainly vacant) inner city sites.

The background to decisions on these will include what appear to be two shifts in present government thinking. One is that encouraging employment back into the cities, or at least trying to arrest the decline in manufacturing industry there, is considered to be as important a clue to saving these areas as housing or education initiatives. This raises a cart or horse

question about the oddity of high unemployment in areas which manufacturers are quitting because of a shortage of labour. Would skilled workers return if they were convinced the right housing were available, or if they were convinced the jobs would survive in such areas or if their employers were convinced training schemes would improve labour standards?

The thinking appears to be that, where adequate industrial land is available in the inner cities, a two-pronged attack is necessary. Encouraging industry to stay will prove the cheaper of the prongs, even if it includes the Birmingham study, suggestion of a subsidy on all new jobs in the manufacturing sector within inner cities. (The suggestion is that this would be paid in the job's first year at a declared rate and over the next six to nine at a tapering rate. The declared rate for new jobs would be graduated annually by central government in reaction to the unemployment level nationally and the regional level.)

Lack of co-ordination

The other shift in approach is contained in Mr. Freeson's phrase that future initiatives on the inner cities must be part of the "main programmes of government expenditure," no longer a subject for odd projects and marginal grants. This encompasses the thought that previous initiatives have lacked a joint approach. The Liverpool study, the most critical of central government's role, notes that "until very recently, depart-

ments have pursued apparently independent policies. Some have operated in the inner areas through special projects (Department of Education and Science, Home Office); through social policies (Department of Health and Social Security); or through concern with housing and local government finance (Department of the Environment). But for two key departments (Industry and Employment) the inner area perspective has been missing."

There is already a Special Cabinet Committee set up by the Prime Minister under Mr. Shore to try to ensure inter-departmental co-ordination. But the implication must be that there will also be a greater central government direction to inner urban policy. The extent of central government intervention in local government policies is one of the main areas of doubt, and the Liverpool, Birmingham and London studies all have suggestions to make. Some of them are pretty convoluted, as in the Birmingham suggestion of a local "industrial task force" to pursue possible employers and arrange advance factories and which would be autonomous under the direction of either the Department of Industry, the county or district authorities as appropriate, but which would anyway hand over "on-going programmes at the first opportunity" to full metropolitan county or district authority control.

However the balance between local and national government control is swung, it is clear that Mr. Callaghan's team has decided that the inner cities are, however tough a problem, worth a little more than a political slogan. Here, among the roughly 4m. inhabitants of the inner areas of London, Glasgow, Tyne-Wear, West Yorkshire, Greater Manchester, Merseyside and West Midlands (a fourteenth of the country's population but an eighth of its unskilled workers, a fifth of its families living in some form of housing stress and

a third of its New Commonwealth immigrants) can be boxed up much of the genuine problem of poverty and deprivation in Britain. These are the vandalised poverty traps where the nightmare of the American inner cities looms.

To try, for the first time, to isolate the problem and find a package solution appears, though the areas are all solid Labour boroughs anyway, a worthy political cause. These are the implications for the property industry.

Developers might be tempted

Possibly this assumption does not take in recent factors in the property market. While private sector developers will not want to be pushed into investing in industrial premises where there is little evidence of demand, the funding possibilities open to developers in anything like suitable locations have improved considerably in the last year. Pension funds and insurance companies have been pre-funding speculative industrial schemes. The visibility sums on the market, in the manner they once backed office blocks. Building companies with cash balances are keen to go into partnership with developers on industrial schemes. The visibility sums on the market, in the manner they once backed office blocks. Building companies with cash balances are keen to go into partnership with developers on industrial schemes.

In short the public authorities may underestimate the extent to which industrial de-

velopers, among which are included a large proportion of the still healthy private or public property companies, might be willing to invest in new urban schemes and before more money is taken from the taxpayer or ratepayer for advance factories in the private sector, with particular emphasis on socially-conscious pension funds, should be properly tested.

There is one specific section of the industrial market where private resources should be utilised along with public funds. If, as is again suggested in the studies, grants might be given to rehabilitate inner city industrial premises then this would be an area where there is expertise available in the private sector and, apart from the Industrial Estate Corporations, little in the public.

Where private developers may feel they need more incentives, over and above the comparatively generous tax allowances they already enjoy, to back inner city projects, then there is possibly some trade-off to be done with the second main area of present debate, planning controls.

The published studies advocate the relaxing of industrial zoning and a rethink of conforming user regulations. Many of the conforming user regulations are seen as planners' luxuries, drawn up in an age when expanding industry could be pushed around at will and some of them have actually become nonsense due to changed processes in certain industries. There seems certain to develop a more permissive attitude, based on the criterion of whether industry makes a good neighbour to residential areas rather than whether it is strictly a conforming user there.

On the broader matters of locational direction, the London study remains unconvinced that IDC relaxations have done much to help. "IDCs act symbolically as a deterrent to investment and should be removed from Inner London," it states. "We also

propose some relaxation on Office Development Permits in suitable areas." The campaign for abolishing IDCs has gained weight recently and within the stress areas it appears that certain policy is being interpreted rather than to strict regional policy. There seems little likelihood of complete abolition but the inner cities, in a move which would not nothing may gain a final and complete clearance from their influence also, and this would be a vital carrot to developers, being allowed to offer some incentives to attract industry.

What can be added to any such incentives is the present trend, in part caused by higher transport costs, to take work to the workers rather than to plant factories on virgin sites out of town. It is not a highly developed trend and it reverses the experience of the last half century. Also, in the central city areas there often is not the room, despite clearance schemes and the re-utilisation of docks or railway lands, for major industry. Graeme Shankland, one of the authors of the London study, makes this point about the Lambeth area, saying that lack of space was one reason why industry moved out to the Great West Road in the 1930s (he might add that many of the major users have since moved on again, leaving a depressing line of vacant factories).

Houses before jobs

There are two basic points about re-attracting industry to the city centres which are beyond any purely property questions. Both are made clearly in the Birmingham study. One is that no one can hope to bring back the industries which have already gone. Many have disappeared altogether, rather than moved, and they failed because they have not kept pace

with industrial changes. What to be attracted is not the petitive industry, and the skilled workers, and the most of the inner cities. The second point is the homes co-ordinator, who is repeating in the clear of the Birmingham study is the obsolescence and deterioration of the housing stock, more than employment questions—that have led to a ward-spiral in the inner cities.


The final area which the studies are currently studying concerns valuations. Mr. Freeson recently told the Town and Country Planning Commission annual conference that "prices given by valuers to of the many potential industrial and commercial sites held by local authorities are quite unrepresentative to me. They are doubtfully estimates to encourage redevelopment of particularly small firms. The consequence of that land which would bring life to declining communities is idle and unremunerative many years—and at the time remaining very costly at present having the question examined."

If he does not have an answer it will be a surprise, setting a value on such empty land is admitted to be of the hardest of questions. Mr. Freeson said that they were studying the matter and would be able to give an answer in two months.

Inner Area Studies: Liverpool, Birmingham and London. Summary of consultants' reports, HMSO £1.50.

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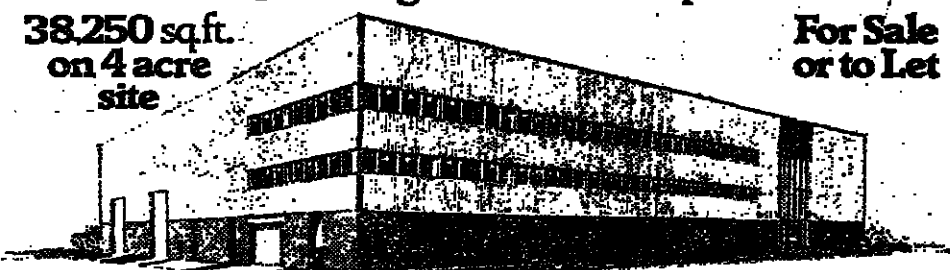
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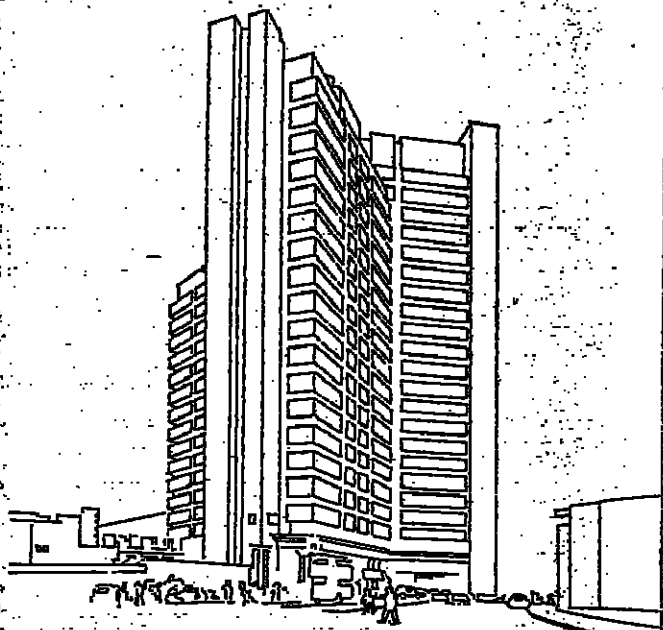
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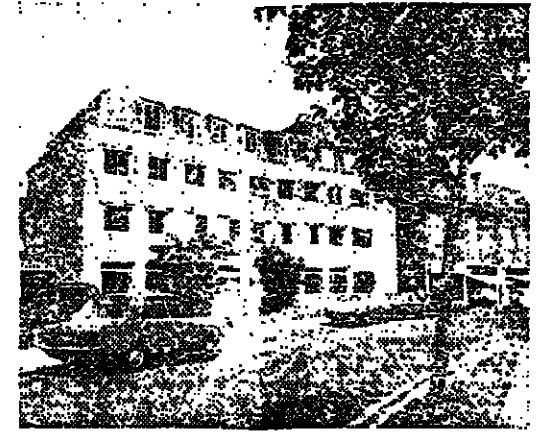


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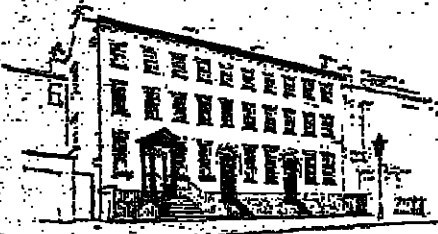
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The Management Page

INFLATION ACCOUNTING

Why Morpeth should be simplified quickly

By P. J. CUSTIS

DOUGLAS MORPETH'S committee on current cost accounting has done an excellent job in producing its draft on the subject in severely limited time. It was for its completion, its royal by the Accounting Standards Committee and its publication at the beginning of the month.

An initial reaction to the draft (known as ED) is that the standard it proposes is far too long and much too complex. It also leaves a number of questions unanswered, in particular the definition of distributable profits, both of which are to the discretion of the directors. What is the subject of the business and then it should be measured in money or real terms is undecided.

Overseas operations are dismissed by saying that a branch or subsidiary not produce current cost units the head office or holding company should adjust its original cost accounts to a basis and then translate it a naive statement to e, and one which can only to the assumption that the experience of the ities of the situation is lack-

machinery is to estimate the current cost of modern equipment assets, which assumes an ability to predict the future in detail. Is it sensible to balance a further alteration to balance sheet values in addition to that for the effects of inflation because of the possible replacement of existing plant by more modern plant at some future date? Are the auditors to "re-view" the predictions made? Most industrial companies have sophisticated capital project appraisal procedures but how often do they come out exactly right?—yet these are the techniques which would be used to arrive at balance sheet values and depreciation charges in the profit and loss account.

Indices

In order to promote consistency and avoid manipulation the standard should make use of authorised external price indices compulsory for all valuations of plant and machinery. Provided authorised indices are used the extent of unavoidable approximations will be within bounds. If companies are free to choose from a range of methods of estimating value the extent of the approximations will have no limit.

In the case of stocks, the proposals correctly allow for those value changes which result from stockholding as a normal business activity, to be included in operating profits. Where there is no mixture of activities, for instance where a company is concerned only in commodity dealing or in long-term construction contracts, the distinction between operating profits and revaluation surpluses is clear. In other cases, differences of opinion can properly exist, and there will be great scope for manipulation.

The problems of CCA will be difficult enough for individual companies, but for groups of companies, and particularly those with overseas subsidiaries and associated

companies, the complexities will be compounded. Overseas managements will have to be convinced of the purpose of the changes, and so will local auditors. In many countries there will be an insufficient range of indices available for revaluations.

The draft standard recognises that there are a number of areas where modification in the light of experience will almost certainly be required. A few aspects of the mechanics of current cost accounting have been mentioned above and there are many others which need discussion. What is more important is whether CCA will meet the requirements of managers and other users of accounts and this will not be apparent until some years' practical experience has been gained. In these circumstances it is wise to introduce the standard into the books of account as a complete package and without adequate trial? Is it wise to abandon the firm base which, in spite of their shortcomings, historic cost accounts do provide?

On the other hand, a workable method of arriving at inflation-adjusted profits must be introduced quickly. The accounting profession has already spent too many years debating technicalities while the dangers of over-distribution and over-taxation of profits have multiplied.

The essential adjustments for inflation could be brought into accounts and shown to be derived from verified historic costs. This could be achieved by limiting initial requirements to a profit and loss account which incorporated index-adjusted depreciation charges and costs of sales adjusted for stock appreciation. This would provide a suitable indication of the earning power of a business and of profit available for distribution. (Companies alive to the situation will already be producing internal accounts on these or similar lines.) Its calculation and verification would be relatively easy and the avoidance of many of the proposed subjective values would



Mr. P. J. Custis, who is director of finance in Guest, Keen and Nettlefolds

considerably ease the problems of auditors and improve the acceptability of current cost accounts as a basis for taxation.

If an earnings statement on the lines suggested was introduced balance sheet values would remain at historic costs. This would meet the requirements of the EEC Fourth Directive, which is expected to continue to stipulate that historic cost figures must be published into the indefinite future.

Legal implications also must be thoroughly researched and this is of especial importance to debenture trustees and international groups in their relations with foreign bankers. Equally important to international groups are the efforts which must be made to co-ordinate the methods of inflation accounting under consideration in the U.S., Australasia and elsewhere.

Structure

Unlike the accounting standards so far issued, the standard which is finally agreed for inflation accounting will change the entire structure of accounting and financial reporting as at present understood. The interests of the whole business community, not only those of accountants, are affected. Unless the changes are made at a pace which enables all in business life to understand both the methods being applied and their purpose, inflation accounting will be rejected as an academic accountant's dream with little relevance to business and the real world.

Michael Blanden reports how Barclays Bank is developing its instalment credit business

Mercantile's re-birth

WHEN Barclays Bank decided in 1975 to buy full control of Mercantile Credit, the move represented a major change for a bank which, unlike its main competitors, had previously had only indirect interest in the instalment credit business. In the 15 months since October 1975 when the deal went through, the two companies have by and large completed the complex exercise of integrating the new subsidiary into the Barclays group.

The result is that for the first time, Barclays has its own wholly-owned instalment credit capacity and it has been able to achieve a degree of rationalisation between overlapping services. But at the same time it plans to keep Mercantile as a semi-autonomous unit within the group, meeting different demands and satisfying a different market from that of the bank.

There is an urgent need for a start to be made in inflation accounting. The approach which is advocated in this article requires only a modification to EDHS in order that historic cost accounts are retained within unitary accounts. The fact and certainty accounts must be preserved as the foundation upon which inflation accounts are constructed. The other essential change is concerned with the phasing rather than the nature of the procedures to be adopted. The preamble to the exposure draft states that phasing by size of company has been chosen in preference to phasing by item in accounts. This is the wrong choice. All businesses, irrespective of size, should change to inflation accounting simultaneously. This is a practical proposition if the initial change is restricted to an adjustment of the profit and loss account derived from historic cost accounts. Also it would avoid the delay on the part of the Inland Revenue in changing taxation to an inflation accounting basis which would be involved if phasing were by size of company over several years. It is not too late to move to phasing in CCA item by item. In this way the accounting profession would not only develop the more complex aspects of inflation accounting as experience of the initial stage is gained, but would also avoid the confusion and loss of credibility to users of accounts which the proposals as drafted would seem to invite.

It was decided to transfer Mercantile's third party business to Mercantile. The change involved some 1,100 dealer outlets over 2,000 point-to-base outlets and in order to carry it through the majority of Mercantile's field force has been transferred to Mercantile.

The consumer finance arm, however, also illustrates the degree to which the Barclays group has retained an element of competition among its own members. Mercantile will offer direct personal loans to Barclays' credit holders. Mercantile is also active in providing personal loans, and so on a comparable scale is the parent bank itself. The apparent lack of overlap is justified by the contention that a semi-autonomous unit with three organisations does not overlap but the spread is different markets.

While the main merger involving Mercantile has been completed, the bank recognises that there is a real deal still to be done in carrying the process through. One detailed problem which has arisen concerns the terms and conditions of service in Mercantile which so far it has not been possible to bring into line with those offered by the bank because of wage controls.

Fringe banks

The acquisition had an immediate pay-off for Mercantile in one sense at least. It took place at a time when the reverberations of the fringe bank crisis were having a serious effect on many finance houses. Mercantile itself had needed to call on the help of the lending support group headed by the Bank of England in the June of 1976 when its money room has gone acceptance credits have been run off and funds are provided by Barclays.

Direct inflation has taken place — without any redundancies. Barclays insists — in two main areas. In industrial finance, the leasing, factoring and discounting operations of the two companies have been brought together under Mercantile management in a new company which formally started operations last week under the name of Barclays Mercantile Industrial Finance. This takes in the previous activities in this area of Mercantile, together with those which had been carried out in Barclays Export and Finance Company (BEAFCO), launched by Barclays in 1972 to attack precisely the market in which Mercantile was already well established.

Similarly, in the consumer credit field, in 1973 Barclays had launched an effort to tap the finance house market through its Mercantile operation. This included building on the Barclays network of merchant members to develop point-to-base or third party lending, an area where the finance houses with their connections in the trade have long had a

Education

In the long-term, there will also be a continuing process of education both of customers and of members of the group itself. Barclays as a whole can provide a full range of lending facilities from relatively cheap overdrafts to easily hire purchase finance. It has some responsibility for ensuring that customers of all sections of the group are directed to the most appropriate form of finance for their particular needs—not always easy when semi-independent subsidiaries operate to some extent in competition. And it has to ensure that branch managers and the field force are fully aware of what is available in the group as a whole and that effective liaison is maintained.

BOOK REVIEW

The paradox of discount houses

By Barry Riley

Discount Houses in London, G. A. Fletcher, Macmillan, 1976, 100p.

London Money Market, by S. G. Wilson, Société Universitaire Européenne de Recherches Financières, 1976, available from Miss M. C. Nienkemper, executive secretary, Société Universitaire Européenne de Recherches Financières, Hogeschool 223, Tilburg, The Netherlands.

THE IS a story that on July 22, 1973, the discount houses were summoned to Bank of England to be told that plans to raise interest (Minimum Lending Rate) will rise 1 per cent, the day after Friday. Representatives of the houses were seen in the queue were alarmed at the early entrants re-appear white-faced and rush out it later transpired to sell edged. It is said that the officials tried to compensate the later houses by letting a little more fully into the queue.

The tale graphically illustrates the paradox of the discount houses. They are creatures of the Bank of England, obeying its will and filling a specialist role in the banking system. But they are also profit-motivated quoted companies, often engaging in speculative activity.

Fletcher's largely historical work on the London discount market describes how the market grew from tiny beginnings in the early 19th century to become a close-knit industry with those Bank-inspired money-fessors Wilson covers only more recent and eventual since the introduction of inflation and credit control though the Bank somehow can't.

the discount market at the centre of the banking system by making money at call a reserve asset for the banks, a move which (along with modern communications) has led to the virtual disappearance of the top-hatted discount broker on his rounds of the banks, for deposits tend to be much less mobile. But the new arrangements also led to higher risks which the houses, like the banks, took a long time to wake up to.

There was a rumour that by the summer of 1973 two, and perhaps three, of the houses were technically insolvent. Unfortunately neither book tells whether this is so, and indeed there is no real insight into the health of the market. But there are intriguing descriptions of the two key events. In June 1972 the houses were heavy bearers of gilts in anticipation that a reserve asset squeeze on the banks would make them forced sellers; but the Bank of England bailed out the banks and left the discount market facing big losses. And in July, 1973, MLR rose 4 per cent, in two weeks at a time when the Bank was clumsily introducing a new regulatory system for the discount market, and further large losses were sustained.

Since then the discount market has been much more careful about dabbling in gilts, and the Bank of England has developed ways of signalling its intentions.

But the exact means by which recent MLR rises have been contrived on Friday mornings remain obscure. The discount market remains an area of almost obsessive secrecy—as with those Bank-inspired money-fessors Wilson covers only more recent and eventual "large" sums have been lent to "eight or nine" houses as a condition and credit control though the Bank somehow can't.

Swift reactions to smelter fire spur permanent changes

By Ray Perman

A FIRE in September at British Aluminium smelter at Invergordon, which represents more than three-quarters of the company's output, cut production by a half. The accident came at a bad time when demand had recovered from the depressed levels of 1975. But Invergordon is now back to full working in record time.

The restart has taken half the time originally anticipated when the first assessments of the damage were taken and some of the innovations made to speed the return to normal working have proved so effective that they will stay as permanent features.

Yet on September 22, the morning after the fire, the prospects did not look bright. Rumours were rife among the 850 workforce that the company could not afford the massive cost of chipping out aluminium from the affected cells. There were fears of heavy redundancies at the smelter which produces a quarter of all the U.K.'s aluminium.

The accident could not have come at a worse time for British Aluminium. In contrast with the situation at the beginning of the year when there had been 20,000 tonnes of metal stockpiled at Invergordon, demand had picked up considerably. Stocks were down to nothing and the loss of capacity of 1,000 tonnes a week would have to be made up by buying metal from outside the company.

"The whole organisation was stunned," said Mr. Keith Stanley, the smelter manager. "There was no doubt it had been a shock in the medical sense for a lot of people. We had to do something to allay anxieties."

By coincidence Mr. Adam Sousa, who had recently been appointed a full-time official of the Electrical and Plumbing Trades Union for Scotland, arrived at Invergordon on a routine visit within hours of the accident. When he heard the news he convened an immediate meeting of all senior shop stewards in the plant and they decided to ask the management to speak to the work force at a meeting in the canteen.

The chance arrival of Mr. Sousa gave the management a flying start in solving its first problem—securing agreement

to bring in new shift arrangements, relaxing consultation procedures so that decisions could be taken quickly and dropping demarcation lines.

Mr. Stanley gave the meeting an assurance that the company was committed to restarting production as quickly as possible, regardless of cost. There would be no redundancies and any new men taken on during the restart period would be given permanent jobs.

There had been a strike in 1974, and during the restart following that between 10 and 12 cells had been cleared of solid metal and put back in production each week. The new target was to be 21 a week. "I set the target as an emotive one to appeal to shift pride. One cell had to be restarted on each eight-hour shift," said Mr. Stanley.

The meeting voted overwhelmingly to meet the target and shop stewards organised themselves into a 24-hour rota to meet any on-the-spot problems. To improve communications the company brought in a freelance journalist to produce a regular restart bulletin.

Mr. Peter Paine, who had recently been made project co-ordinator for the smelter, made the restart of the 150 frozen cells his first major project. He began regular meetings of departmental heads to discuss progress and problems. As many cells as possible had to be restarted without rebuilding completely; production in ancillary departments, such as that making carbon electrodes, had to be stepped up to meet the demand as cells were put back into operation; and normal production had to be maintained on the remaining 150 cells not touched by the accident.

As the graph of progress against target began to be plotted it was clear that the rate of 21 restarted cells a week was being surpassed. Not only was it faster than any previous start-up at Invergordon, but fewer cells had to be rebuilt.

As an exercise in management it has provided a number of challenges, but Mr. Stanley does not overstate the difficulties. "It was the sort of situation that makes decisions easier to take. I think most managements would rather handle a crisis than achieve the last 1 per cent of normal production."

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Swings and balances in the world coffee market

BY RICHARD MOONEY

On the other hand

YESTERDAY'S news from the monetary front was unusual enough to puzzle anyone who has not been following the development of the present situation fairly assiduously.

But it should be pointed out at once that the release of special deposits is only a more dramatic form of the action taken at the same time last year. To quote the Bank of England Bulletin for March, 1976: "A heavy concentration of tax payments in early January seemed likely to reinforce the pressure already being exerted on the funds of the Treasury."

Italy's search for a wages policy

SIGNOR Giulio Andreotti, the Italian Prime Minister, will need all his political skill to rescue his economic crisis programme in the face of the combined opposition of the trade unions and the Communist Party.

Trade unions It is not only Signor Andreotti who faces a dilemma. By their decision to give the Andreotti Government their tacit support after last year's elections, the Communists can no longer escape all responsibility for the way the country is governed, even if they are not officially inside the Government.

Direct role The main point the unions have made, however, is that negotiations must not cover wages in isolation. Both they and the Communists are clearly not wanting to turn their backs on the trade unions that are a major pillar of their support.

EVEN against a background of fierce inflation, there is one grocery item whose price escalation stands out like a sore thumb. At the beginning of 1976 a 4 ounce jar of instant coffee cost 40p; by December it had risen to over 60p. But this 67 per cent rise appears almost modest when compared with the 270 per cent increase in green (raw) coffee import prices over the same period.

The disparity is not destined to continue at the present level, however. Though it is unlikely that instant coffee will reach the £5 a pound level indicated by the raw coffee price rise in the near future, coffee trade sources openly predict that a 4 oz jar of instant will cost at least 90p by the spring of this year.

This alarming prospect has its roots in a period of exceptionally cold weather in Brazil's coffee growing regions in July, 1975. On the nights of July 17 and July 18 frost wiped out around three-quarters of this season's Brazilian crop—equivalent to over a quarter of the world crop. In terms of exportable supplies the blow knocked out nearly 35 per cent of total world coffee for the 1976-77 season.

But the bad news did not stop there. In the second half of 1976, the Colombian crop—normally a distant second to Brazil's—was also hit by a quick succession of drought and floods, which cost the world another 2m. bags (60-kilos each) of coffee. Added to the Brazilian crop loss this brought the tally to over 22m. bags. Further blows came in the form of production shortfalls in Angola (because of the civil war) and Uganda, and serious transport disruption following the earthquake in Guatemala.

The net result is a total world crop of 62m. bags giving a current crop export availability figure of only 44.7m. bags—according to U.S. Agriculture Department (USDA) estimates released last autumn. The latter figure compares with a normal world import demand of around 53m. bags. But even these figures probably understate the gravity of the situation.

The seriousness of the situation can be judged from the response of London Robusta coffee terminal market—a predominantly "paper" market dealing in futures contracts.

Immediately before the July, 1975 frost disaster, futures contracts for nearby delivery cost a little under £500 a tonne; within a few days this had risen to £855 a tonne; and by the end of 1976 the May delivery price was standing at over £2,900 a tonne. It must be admitted, however, that a significant part of this year's rise has resulted from the weakness of sterling. But what does this mean to the consumer? If raw coffee prices double, do retail prices double? The quick answer is "very nearly."

"hedging" allows buyers to cancel out price movements following the signing of contracts by selling "paper" coffee in equivalent amounts. If the manufacturer actually traded in this way, the price he would need to recover in the market place would be the price ruling at the time of delivery—three months before the eventual retail sale. In practice, however, such "hedging" is not undertaken in strict accordance with the classical theory because of the size of operation involved, and the actual cost

supermarket chains. The supermarket price mark-up is generally between 5 per cent (for special offers) and 12 per cent, but the small retailer will have to pay a cash-and-carry mark-up of at least 4 per cent before adding his own 15 per cent (average) margin. A further factor contributing to the wide price variations which have been vexing many housewives recently is the very speed of turnover in the retail market. The large chain is often able to continue with

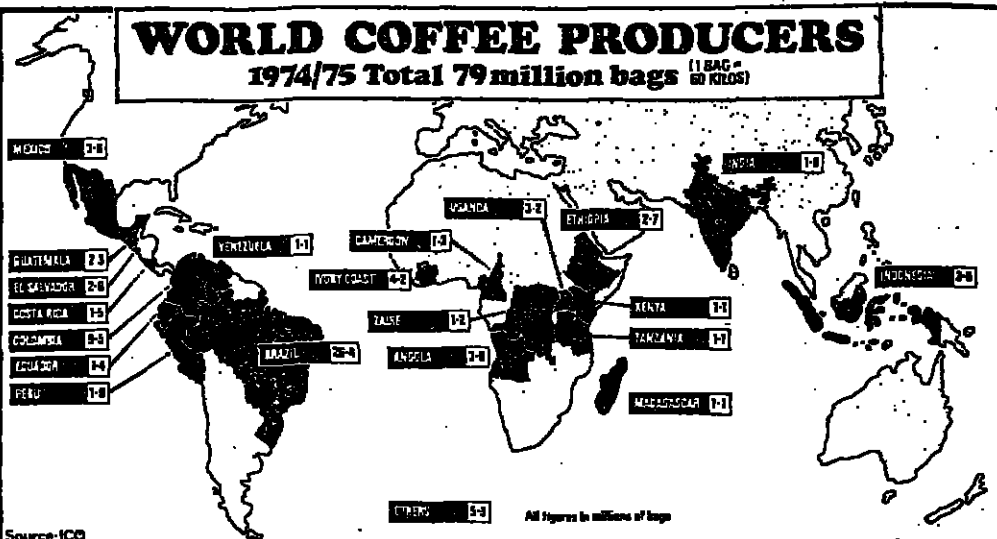
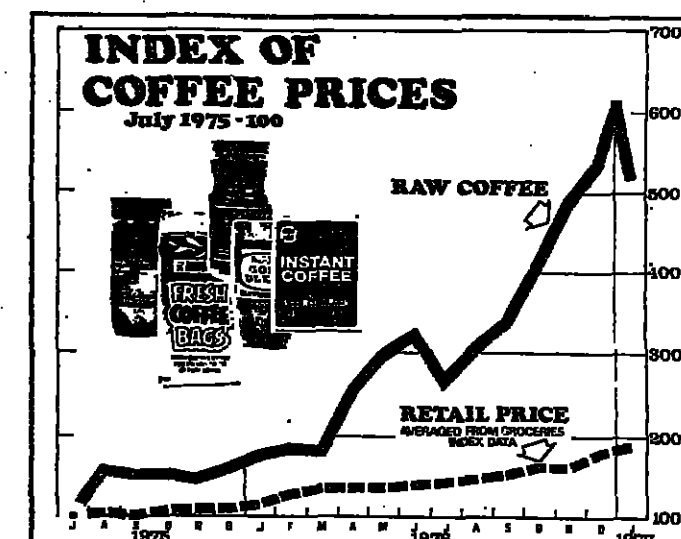
its old price for some weeks after an increase in the manufacturer's wholesale price (an increasingly frequent event) because of its large stocks. But the small shopkeeper with more limited stocking facilities will have to raise his price almost immediately. These considerations can lead to variations of up to 20p on a 4 oz jar at times. A much more difficult question to determine is what will happen to raw coffee prices in the foreseeable future. Most professional coffee traders feel that the market is still basically strong, in spite of a recent £500 fall. If prices are to fall significantly, there must be either an unexpected rise in production or a sharp fall in consumption. There is little prospect of the former and surprisingly little evidence of the latter.

At the time of the Brazilian frosts, stocks held in consuming countries were unusually low partly as a result of the perennial oversupply situation and partly because of high interest rates. The only substantial stock in the world was held by Brazil and in spite of desperate efforts to retain this stock (by swinging increases in export taxes and export price minima) it has been forced down to a dangerously low level by continued consumer demand. The seriousness of Brazil's concern over this situation was highlighted recently when Sr. Camillo Calazans, president of the Brazilian Coffee Institute, expressed public approval of a

ability of price cuts in the near future depends heavily on the prospects for reduced consumption. But the likelihood of such a reduction is difficult to assess, in view of the time-lag between raw coffee price rises and retail price rises. Certainly there seems to be little evidence as yet to support claims that consumers are drinking less coffee.

Apart from the time-lag element, which makes it difficult for manufacturers to decide what price they should be prepared to pay for new supplies of raw coffee, the situation is confused by the tendency towards stocking by housewives in anticipation of further price rises. As was seen a couple of years ago when sugar prices rocketed this consideration can easily outweigh any underlying trend towards reduced consumption. Manufacturers were estimating that consumption might fall by 4 per cent to 5 per cent in 1976, but they now say that the actual out-turn was only 3 per cent down, a very modest fall in the circumstances. This is all the more surprising in view of the fact that the situation is not without precedent. In 1953 coffee availability was similarly reduced by a Brazilian frost and prices rocketed—in fact the £1,000 a tonne peak reached then has only recently been surpassed in real terms. On that occasion, however, demand reacted sharply and U.S. consumption fell by around one cup a head a day. This was recovered

following an expensive promotional effort but the fall-off in U.S. consumption since 1962 is generally traced back to the 1963-64 season. The retail price rise has led to official concern on both sides of the Atlantic. The U.S. Congress is currently involved in its second inquiry into retail coffee prices while the U.K. Price Commission is undertaking a similar exercise. The first U.S. inquiry, mounted in late 1975-early 1976, ironically encouraged an even faster price rise. By attracting public attention to the coffee



Coffee processing is a raw material intensive operation. Before the upsurge of the last 18 months, raw material costs were estimated to account for about two-thirds of the retail instant coffee price, but the subsequent rise has pushed this ratio up to about three-quarters. So if raw coffee prices double retail prices can be expected to increase eventually by around 75 per cent.

But there is a time lag. The instant coffee on the supermarket shelves at the moment was probably delivered to the processors in its raw state about three months ago, and the contracts for its purchase may have been signed some months earlier. So did the coffee the housewife is now buying originally cost £1,300 a tonne (the raw price in mid-July), £1,900 a tonne (the raw price in mid-October) or £2,900 a tonne (the recent raw price)?

It is impossible to give a definite answer to this question. It could be argued that since it would cost manufacturers £2,900 a tonne to replace their stocks at current prices, the retail price should reflect this level. But this is clearly not the case, or the disparity between current raw and retail price levels would not exist.

On the other hand the position is complicated by the existence of the futures market, which according to classical economic theory allows price peaks and troughs to be evened out. In theory futures market

MEN AND MATTERS

Jones the poll

The most powerful man in the country (or so said 34 per cent of those questioned in a recent opinion poll) yesterday urged the "media" to allow the election of his successor "to proceed without outside interference." Jack Jones, embarking effectively on the 14-month run-down to his retirement as head of the Transport and General Workers Union, added that copies of the election addresses (each one no longer than 500 words by union rule) of no less than 15 contenders would not be available to the Press.

Doubtless feet-footed investigators will soon obtain copies, but the question of what might be in those addresses seemed to worry Jones; he cautioned against taking too much note of "irrational statements." Which prompted the thought of what had been in Jones's own address when he won the race for the general secretaryship in the late sixties, receiving 63 per cent of the vote from the 37 per cent of members who troubled to take part.

Coals to Pompeii

The Pompeii exhibition had a rather special visitor yesterday. The Communist mayor of Naples, Maurizio Valenzi. He was full of praise for the quality of the exhibition which, as he commented afterwards, was a state of Naples' own museums. He then was low-key. Much careful talk of union democracy, a by presenting copies of some of the earliest 10th century prints dug away at again yesterday, and the importance of "not

No smoking

Sir Giles Gilbert Scott was not only the architect of Liverpool Anglican Cathedral and Waterloo Bridge, he also left two more strictly functional monuments in the shape of London's Battersea and Bankside power stations. They keep the place warm and light but they also spew their gases in the direction of St. Pauls and the City and otherwise desirable Chelseas.

Now however the Central Electricity Generating Board is looking forward to the day when both can be retired in favour of cable-fed electricity from remote country power stations. The first step has been taken by closing down "half" of Battersea. The demolition division of the 600 Group has won a contract to strip down Battersea. "A" station to recover thousands of tons of steel and non-ferrous scrap. Battersea "B" station has more modern generating equipment and will continue into the 1980s. After that there will have to be an agonising decision by the electricity authorities about what to do with the power station and its four landmark chimneys.

Work has also started on laying an underground cable to Bankside and there is a second scheme to pump power from Clapham into Battersea in the 1980s so that Battersea "B" can be closed. The South Bank won't be the same without these two massive monuments to London's smokier past. But what do you do with all these chimneys if you can't belch smoke out of them to remind the City at least that there's there's muck there's brass? To this end his next call was on British Airways which has steadily cut down its edict flights to Naples to the present thrice weekly and try and work out attractive tourist packages for the future.

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POLITICS TO-DAY

BY DAVID WATT

Europe: our hopes and fears

THE LAUNCHING of two of the most intelligent British politicians into high responsibility within the Common Market this week was an historic occasion. The European Council in Luxembourg, which staged this event, evidently felt the symbolism of it. The two men concerned were moved to take quite extraordinary pains with their speeches — with extremely interesting results. Mr. Roy Jenkins, as one would expect, produced a ringing reaffirmation of hope for, and commitment to, the cause in which (as himself put it) he has spent most of his political life.

Being a cautious man, however, stuck at this outset of his four-year term as President of the Commission, mainly to realities. Mr. Anthony Crosland, being the representative of a national government and in a term as President of the Council of Ministers of only a few months, was able to be more revealing. His speech went along with his genuine feelings for the EEC, some of the subtlety and ambiguity that is identifiably present not just in his mind but in that of many of his fellow politicians.

As I understand the Foreign Secretary's remarks his position roughly paraphrased — is as follows:

a) Sectoral problems such as fish, fishing and agriculture soluble given a reasonable amount of Community spirit, must be solved as a necessary first step to restoring the Community's momentum.

b) The integration of the

EEC into an Economic Union shows no signs of coming about — and perhaps may never do so. The attempt to bring this about by detailed measures of harmonisation and still more the attempt to tackle the problem head-on through exchange rate uniformity, have been over-ambitious and misconceived.

(c) There can be no progress on economic integration unless there is a close convergence of standards of living an inflation within the Community and a pattern of trade which does not produce persistent surpluses and deficits. A precondition of bringing about this state of affairs is the immediate reduction of unemployment and the restoration of economic growth. In the longer term there will have to be better arrangements than are offered by the Regional and Social Funds for transferring resources from richer to poorer regions. But even this may not do the trick.

(d) The complete political integration of the EEC is even more problematical. We cannot foresee how the Community will develop and should not bother our heads about it. In the meantime, however, the political functions of the Community are more successful than the economic ones and offer some modest possibilities for further immediate progress. Institutionally there is scope for improving the machinery of the Council of Ministers and pressing on with direct elections to the European Parliament. Events are forcing better Community co-operation over commercial policy towards the Third World and the Eastern

block. Perhaps something useful can also be done on a Community basis in purely political areas such as Cyprus, the Middle East and disarmament.

A number of points immediately strike one about this description of the situation. In the first place, the tone is subtly but significantly different from that of the Foreign Secretary's first pronouncement on the subject to the Socialist Commentary at Blackpool at the beginning of October. The two positions are easily reconcilable with each other, but in the October speech the emphasis was far more on exploding what Mr. Crosland regarded as the over-inflated pretensions of the Community ideology. After three months of actually working within the Council of Ministers he is more interested in the potentiality of the organisation as it stands.

Implicit

The second point is that while the limitations and negative aspects of the Community are given less prominence by Mr. Crosland than three months ago, they are none the less implicit in what he is saying — particularly on the economic side. He does not maintain that economic integration is undesirable or that it can never come about or that if it came about it would not lead to greater political integration. What he is saying is that economic integration is impossible under present unfavourable economic circumstances and that he is dubious about its



Mr. Jenkins initialling documents after taking the oath as new President of the EEC Commission.

future even if conditions improve.

This puts him, no doubt, into opposition to the beliefs of the European founding fathers who believed in an inevitable organic growth consummated in a United States of Europe. But it also serves to distinguish him from the Prime Minister. Mr. Callaghan, as Foreign Secretary, came to see the advantages to Britain of the kind of limited political and economic cooperation that the Community now provides — but his instincts remained, and evidently still remain, those of a British Gaullist. While he was directly in charge of British relations with the EEC there was a constant pulling back from anything that might lead down the supranational primrose path. We behaved correctly within our obligations, but there was a grudging undertone. The new Foreign Secretary is sceptical in practice but not, it seems, afraid of going as far in Community co-operation as present politics allow.

This is an enormous gain, and has already been noted as such with great relief by the more Community-minded elements in the EEC's structure — the Commission, the Parliament, and the smaller members of the Nine within the Council. Nevertheless, the pragmatism of Mr. Crosland's speech does prompt some fairly sombre thoughts about what practical politics in Britain does in fact allow.

The country stands at a number of important crossroads at this moment. What should be its relation to the new Carter

Letters to the Editor

When savings can be made

Mr. J. Humphreys

The Chancellor's ideas curtailing public expenditure on us in December with what as much impact as a half-kid Christmas pudding. This is predictable. A compromise between what ought to be done and what it is thought can be done satisfies nobody and fails to tackle the real problem. The measures proposed are in truth, real and permanent reductions in public expenditure, but deferring it is in the capital expenditure programmes, whether in Government services, nationalised industries, or local authorities, merely putting off to some time in the future — when they will cost more — essential items of expenditure. In the immediate term, they will add to the employment figures, and create further difficulties in the private sector of industry, notably the construction industry.

There is a vast territory of public expenditure which countries nothing either to the economic or social well-being of country, and yet has emerged usually intact from the recent cuts. I refer to the multiplicity of boards, commissions, agencies, call them what you will, which have been created by the guided legislation of recent years.

A typical example, I take the Equal Pay Act and the Sex Discrimination Act, and the ministering body to them, the Advisory Board for Equal Pay. I do so for no better reason than that they are the subject of a report by the National Society for Civil Liberties. The Advisory Board for Equal Pay, on which you comment in your edition for Tuesday, January 11 (Equal Pay Act risks unfairness). The cost of this report, as summarised by you, is £100,000. Referring to the Equal Pay report states that "the implications of the Act had been as well as the application of it." It goes on to state that "a long list of cases would be heard under both (that Equal Pay and Sex Discrimination) Acts."

It is a classic example of legislation which nobody wanted to first place, except a few "insiders" and which nobody stands anyway. Its effects are cumulative, involving yet Government agencies AS for instance), and in the end is totally ineffective. It is a colossal waste of the agency money. The same reply to the Race Relations Board and the Community Relations Commission, or whatever new body has been set up to their place, I can already see the hawks of protest from in quarters, but I assure you I am neither a rabid racist, simply that these are not for legislation, and the effect of legislation is a squandering of public

Ever since the early 1950s there has been a higher demand for mortgages than the supply of them, whatever the rate of interest charged. The number of some loans arranged is not related to the rate but to the supply of mortgage funds.

The builders would prefer mortgage funds at a high rate of interest rather than a severe shortage of money.

The effect of a mortgage rate, that is, allowing for tax relief or the option subsidy, is still lower than that obtaining in most other countries.

Norman Griegs,
14 Park Street, Mayfair, W.1.

To-day's Events

- Prime Minister makes fact-finding tour of East London dockland area which would be served by proposed River Line Underground system.
- Session of European Parliament ends, Luxembourg (until February 7).
- PARLIAMENTARY BUSINESS: House of Commons: Private Members' motions.
- OFFICIAL STATISTICS: Building Societies receipts and loans (December). Usable steel production (December).
- COMPANY RESULT
- Thorn Electrical Industries (that year).
- COMPANY MEETINGS: Carr's Milling, Carlisle, 11.30. Hisson's Brewery, Liverpool, 12.00.
- OPERA: English National Opera production of La Traviata, Coliseum Theatre, W.C.2, 7.30 p.m.
- D'Oyly Carte Company in Yeomen of the Guard, Sadler's Wells Theatre, E.C.1, 7.30 p.m.
- ROYAL BALLET: Royal Ballet dance The Nutcracker, Covent Garden, W.C.2, 7.30 p.m.
- MUSIC: Orchestra of St. John's, Smith Square, S.W.1, conductor John Lubbock, in programme of works by Bach and Vivaldi, 6.30 p.m.
- New Philharmonia Orchestra, conductor Raean Jenkins, with mixed choir from London, Nottingham and Yorkshire, perform Handel's Messiah, Royal Albert Hall, S.W.7, 7.30 p.m.

Build-up at Prestwick

From Mr. S. Sweeney

Sir, I read with interest that renewed pressure is on Mr. Peter Shore, the Environment Secretary to start an immediate search for a fifth airport site in the south-east to relieve the growing pressure on Heathrow, Gatwick, Luton and Stansted. The original idea of "Foulness" was and still is the best option for the Government ever had for an airport site, in spite of the strong opposition and criticism the scheme received at that time.

The people in the South-east must wake up to the fact that a fifth airport is not only necessary but essential for the growth and prosperity of this region. Failing that, let us look up north across the border.

I propose Prestwick in Ayrshire as the best and practical site to be developed into an international airport which Scotland badly needs. There is no shortage of land, no villages to be disturbed, and only 440 miles from the capital. Prestwick is connected with fast electric trains to London and possibly by a copter-bus service, linking the airport to city centres in Britain and Ireland.

I think British Caledonian, together with local businessmen, should support my idea. And let us all pray for the spirit of 77 to guide us for the good and prosperity of this country.

S. Sweeney,
25 Shearn's Gardens, Edgware, Middx.

Underwriting Sterling

From Mr. F. Courtney

Sir, I understand from the Press reports that the U.K. should consider itself exceedingly fortunate to have received approval for the long debated IMF loan of \$3.5bn. and the basic international underwriting of a further \$3bn. of Sterling Balances. This was heralded by the media as a sign of great faith by the rest of the world in our ability to weather the storm and to survive as a going concern.

The more responsible members of the Press added the small print attached to these approvals. To the former attaches the obligation to cut public expenditure and to keep \$3 within bounds of approximately half the rate of inflation. To the latter attaches the obligation that Sterling should at no time in the future be allowed to be used as a reserve currency for third world countries.

The obvious question to be asked is what would have happened if the rest of the world had no faith in our survival? What would have happened then? The answer is of course that we would have been free to make sterling inconvertible. We would have been free to increase the Sterling Balances to the third world which includes the Commonwealth countries, who could have supplied us once again with all the food and raw materials we needed at prices we could afford. We would have been free to regulate the currency machinations of the multinationals, who got us into the situation we are facing. We would have been free to liberate the Western world from the scourge of illiquidity, which has been forced upon us. We would have been free from American domination.

What is the result of the \$3.5bn. loan facilities? A windfall gain of \$6.5bn. for the multinationals at the expense of our exchange equalisation fund.

F. Courtney,
96 Sandown Court, Southampton.

Those three extra days

From Mr. R. Kimberley

Sir, — There is every reason why Mr. R. L. D. French (January 11) should feel guilty, and embarrassed by the long Christmas shut-down for his holiday as a normal holiday allocations with extra holidays. I do not dispute that industry may have taken the opportunity to include part of the period in normal allocations but very much doubt that any organised work force will accept that official extra bank holidays be included in normal allocations. By Government order three normal working days were declared as extra, repeat extra holidays which allocation has never been adopted before.

At a time when we are scrapping the barrel to foster credibility abroad it is not sufficient to pretend that we are being more efficient or that other countries may have different pretences. My recommendation to Mr. French is that he tries to convince himself that when the ship is sinking it will not be saved by making some extra holes in the bottom.

R. D. Kimberley,
26 Bunney Street, W.1

Distorted by subsidies

From The Chairman, Industrial Milk Supplies.

Sir, — I accept the point made by Mr. Paul Tillet (January 8) that tax relief is only given on loans for house purchase, but as he implies in his last paragraph, the housing market is badly distorted by many different kinds of subsidy.

I think it would be better if all subsidies were abolished including tax relief on interest and council houses should then be let or sold at free market prices. Private landlords should be allowed to charge market rents and tenants suffering genuine hardship should be assisted through normal social security arrangements.

W. S. Roe,
Industrial Milk Supplies, Weymouth Road, Eccles, Lancashire.

Cause for concern

From Mr. J. Stockwell

Sir, — I refer to Eric Short's article "Government criticised on pensions" (January 6) in which the chief executive of the Legal and General Assurance Society comments apropos the Government's attitude to pension improvements in relation to the pay limits.

Mr. Peet considers that pension improvements should be outside the scope of the pay code and states that the continued refusal on the part of the Government to make such a concession will result in haphazard development of the partnership between state and private pensions.

I consider that the main result of any such concession would be immediate pressure

Post-school education

From Mr. D. Mitchell

Sir, — It was good to read some unusually sensible comments about the school leaving problem by Anthony Harris in the Lombard column of January 7. But I cannot understand why Mr. Harris is so concerned, as he seems to be, about post-school education.

Excellent facilities for anyone over school leaving age are already available in Colleges of Technology, College of Further Education, and Polytechnics throughout Britain. Courses of all kinds — full-time or part-time, days or evenings — in a surprisingly wide range of subjects are available at low fees for anyone from the over-sixteens to the over-sixties.

Mr. Harris needs to worry about securing arrangements whereby each young person can leave school at that time which is best to suit his or her individual personal development towards becoming an acceptable member of society. The decision about the timing should be made by people who know the young person well. I think it should be a tripartite decision, made by the parents and the young person involved.

D. Mitchell,
11, Wellington Court, Mollington, Chester.

Demand for mortgages

From The Secretary General, The Building Societies Association.

Sir, — May I briefly reply to some of the points made by Mr. Kaufmann in his letter (January 12)?

There is very little institutional money in building societies. The investors who are keenly sensitive to competitive yields and therefore cause the big ebb and flow of building society funds are practically all personal investors with substantial holdings.

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The reason for all this is mainly historical — but it will not change unless the British picture of the Community changes as well. Mr. Roy Jenkins' stress on "a vigorous presentation to the public of the Commission's activities" and his determination to run the Community's information services himself shows that he believes

bad public relations are part of German one. Mr. Carter's Administration seems likely to be more expansionary than its predecessor but there is not the Community's success — or much sign that Chancellor lack of it — in convincing Schmidt's government has ordinary people that there is grasped the extent of its responsibility for the future of the EEC. The unstated problem of what are of interest to the man in the street are not the political land's Presidency and perhaps the four years of Mr. Jenkins' accurately describes as fair, but term at the Commission is how the economic possibilities which he describes with equal accuracy think in wider and more imaginative terms. They are, of course, unemployment comes down and in the difficult situation of being rapid growth is resumed the blamed if they throw their weight about and blamed even more if they do not — a situation much cake as is available, but familiar for many years to the it will be regarded by most British voters and their representatives as at best irrelevant and at worst a menace.

What we are up against — though Mr. Crosland was too diplomatic to say so — is the desired targets — economic or political — does not look too Government and of the present good.

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COMPANY NEWS + COMMENT

Hickson & Welch up £3.2m. to peak £7.9m

ON TURNOVER ahead from £42.0m. to £54.4m., pre-tax profits of Hickson and Welch (Holdings) improved by £3.2m. to a record £7.9m. for the year to September 30, 1976, after £5.0m. (£2.1m.) at half time.

HIGHLIGHTS

A £7.9m. pre-tax advance at English China Clays reflects recovery in china clay volume coupled with firmer prices. BET has shown good first half gains and the year as a whole should see solid growth.

round of over 1500,000 caught the market on the wrong foot and the shares rose 7p to 42p. U.K. commercial vehicle production was flat in the period, but ERF's rigid trucks are aimed towards the oil/chemical industries where demand has held up.

The company makes chemicals for building materials, and has interest in housing estate development.

Earnings up at Midland Industries

AFTER A RISE from £0.1m. to £0.8m. at half-way, profits of Midland Industries improved from £0.2m. to £1.35m. for the year to September 30, 1976.

comment

The upturn in the chemical industry has occurred at a fortunate time for Hickson and Welch. At the end of the previous year, it had 20 per cent. spare capacity, all of which is now being utilised.

comment

A turnaround from a small loss to a £200,000 contribution on the engineering side but the seal on the group's Scottish forestry for the second year running at Midland Industries. But the real profit generator is the forestry, which produced 30 per cent. of trading profits.

comment

After a significant recovery from Poldens, a sound performance from ERF was on the cards. Even so, a first-half sales jump of 64 per cent. and pre-tax profits turned

ERF holds upward trend

HEAVY COMMERCIAL vehicle and fire appliance manufacturers ERF (Holdings), which recovered from a loss of £264,000 at half-way to a loss of £29,895 at the year end, has maintained the profitable trend with a pre-tax profit of £351,000 for the 28 weeks to October 16, 1976.

comment

The directors state that the overall order book is strong, and they are hopeful that the much improved profit performance will continue into the second half.

comment

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Eastwood ahead in first half

SALES of farmers and builders J. B. Eastwood advanced from £53,93m. to £72,23m. and net profit was up from £4.07m. to £4.48m. for the 26 weeks to September 24, 1976, subject to tax of £2,35m. compared with £2,13m.

comment

Eastwood is a tenth ahead pre-tax. A flat line in eggs has held the farming division in check despite an upturn in turkeys and broilers, with the latter showing price gains of a third over the past 12 months.

comment

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Lord Abernethy, chairman of English China Clays.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Corrected div. year, Total of year, Total of year.

Kenning Motor ahead 31% at £4.76m.

A second-half improvement lifted a pre-tax profit of Kenning Motor Group by 31 per cent. to £3,839,000 to a record £4,760,000 in the year to September 30, 1976.

comment

Kenning Motor has been better in the second half and contract hire profits have had a boost from a significant number coming up for replacement and being sold at a good return.

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£7m. increase by English China

AFTER RISING from £7.05m. to £13.9m. in the first half, pre-tax profits of English China Clays Holdings rose to £13.9m. for the year to September 30, 1976, ahead from £11.1m. to £24.47m. Sales expanded from £128.14m. to £154.98m.

The clay division contributed most to the rise in profits with an increase from £10.75m. to £16.6m. Quarries made £3.5m. against £4.6m. building £1.17m. (£1.28m.) and transport and services £1.1m. (£0.36m.).

Earnings are shown to be up from £6.6p to 8.9p per 25p share and the dividend is lifted from 2.21p to the maximum permitted 2.4387p net with a final of 1.3422p.

Stocks and shares in progress were revalued at September 1976, and the 1974-75 comparative figures have been correspondingly adjusted.

A first-half sales rise of only 4 per cent. suggests a fairly sharp volume fall for Gordon and Gotch, and in the first half, the shares have fallen 17 1/2 per cent. pre-tax.

The main problem has been price resistance in the three main markets for the group's export journals and magazines, South Africa, Australia and New Zealand.

Profits are also lower at the Gordon and Gotch computer centre upon which the group has concentrated most of its recent capital expenditure.

Referring to the second half, Sir Anthony Percival, chairman, says profits, which have been rising ahead of budget forecasts, should be somewhat higher than for the first six months, but they could be hit by the devaluation of the Australian dollar.

In the 12 months to March 31, 1976, pre-tax profit was a record £906,000.

Turnover of periodicals, books and newspapers expanded from £13.27m. to £13.85m. in the first half.

In addition, turnover of associate companies rose from £8.2m. to £10.1m. after a drop from £22.0m. to £18.0m. in the first half.

The net interim dividend goes up from 1.0835p to 1.1913p per 25p share, half the maximum payment allowed for the year.

Year's total was 2.1671p. The amount absorbed by the interim increases from £49,525 to £54,478.

Sir Anthony says the first-half downturn reflects in part the initial high financing charges of the £16m. capital investment programme.

But the greater part is due to rising costs of operation and to the downward sales of British magazines and books in the group's traditional markets.

Of the dispute concerning Bramessat Gotch, a company jointly owned with Wogau Bramessat, a trading subsidiary of Guinness Peat Group, Sir Anthony says Wogau Bramessat is now petitioning for the winding up of Bramessat Gotch.

We are opposing the petition and we have commenced our own separate proceedings against Wogau Bramessat arising out of the affairs of this jointly owned subsidiary.

We seek in these latter proceedings (inter alia) a declaration from the High Court that Guinness Peat Group are not entitled to claim from Bramessat Gotch a sum of £12,517,700.

The chairman concludes: "We must not be complacent, but the results to date are by no means discouraging and considering the

seriousness of Britain's economic situation, Gordon and Gotch have done well."

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Stock Exchange to review Talisman plan

THE STOCK EXCHANGE Council is expected to discuss on February 8 whether it will go ahead with the remaining stages of the Talisman project for putting settlement of stock and share deals on to a time-saving computerised basis.

Operating Companies

Table listing various companies and their financial data: Westland Helicopters Limited, British Hovercraft Corporation, Normalair-Garrett Limited, Westland Engineers Limited, etc.

FAIRBAIRN LAWSON

Fairbairn Lawson is to put a proposal to stockholders of the outstanding £117,276 per cent. Second Mortgage Debenture Stock 1983 for the cancellation of the whole of the outstanding stock in consideration of a payment to each of £75 for each £100 nominal and so in proportion for any greater or smaller amount.



Sir David Collins, C.B.E., Chairman of Westland Aircraft Limited.

Points from the Statement by the Chairman, Sir David Collins, C.B.E., D.Sc.(Hon.), C.Eng., F.I.Mech.E., F.I.Prod.E., F.P.Ae.S.

RESULTS—The overall performance of the Company has improved this year, principally due to the increased profitability of Westland Helicopters Limited. This is encouraging at this time of difficult trading.

WESTLAND HELICOPTERS—Production of the Lynx is now well under way and we expect to achieve substantial deliveries during 1977. Work on the updated naval version of the Lynx which uses a more powerful version of the Rolls-Royce "Gem" engine is proceeding satisfactorily.

BRITISH HOVERCRAFT CORPORATION—Construction of the sixth SR.N4 is on programme and the craft will be wheeled out early in 1977. It will be operated by Hoverlloyd Limited later in the year. Work is proceeding on the new structure for lengthening the first British Rail SR.N4.

NORMALAIR-GARRETT improved its performance both in terms of financial results and in new market penetration.

WESTLAND ENGINEERS—The demand for domestic garage doors has been maintained.

PROSPECTS—"The improvements in the profitability of the helicopter company are continuing, but the extent thereof depends largely on volume for which we need further export orders. For 1976/77 the Group's profit, barring unforeseen circumstances, should exceed that of the previous year."

Summary financial table with columns for 1976 and 1975, and rows for Turnover, Profit before tax, Profit after tax and minority interests, Earnings per share, Dividends.

NEW SLIMMA COMPANY

Following the scheme of arrangement announced by Slimma Group in August 1976, Slimma Group Holdings has been formed to act as the new Holding Company for Slimma Group—the clothing division, Kinair, Textiles and Greenwood (Collingworth) which specialises in spinning.

NEW LIFE BUSINESS

PIONEER MUTUAL INSURANCE COMPANY—Ordinary branch: New sums assured £3,100,000 (£1,100,000); net new annual premiums £62,000 (£16,987); single premiums £8,000 (£4,815). Industrial branch: New sums assured £11,500,000 (£2,500,000); net new annual premiums £1,200,000 (£250,000); single premiums £150,000 (£75,000).

Operating Companies

Table listing various companies and their financial data: Westland Helicopters Limited, British Hovercraft Corporation, Normalair-Garrett Limited, Westland Engineers Limited, etc.

Advertisement for Banque Populaire: "Your first call before doing business in any part of France. 01-588 3281. Mr. S. Thornton A.B. M.B.A., F.A.M., United Kingdom Representative."

Advertisement for EXPORT EXPERTS: "Do you have all your export problems under control? Do you even know what all the problems are? It's our business to understand your business, to assess your export needs, and arrange how best they can be met. Finance, Capital, Foreign exchange, Bonds, Methods and terms of payment, Discounts, Acceptance credits, ECGD facilities, Insurance, Documentation, Shipping. We can advise you on every detail, and deal with them. As a member of the Inchcape Group, we have considerable experience of exporting world wide and our subsidiary, Inchcape Export Ltd., is available to handle your exports, including documentation and shipping if this is required. As an authorised merchant bank we are able to offer a full range of back-up financial services. Don't let the problems deprive you of export opportunities. Do what a lot of companies have done already. Get in touch with the export experts. Mr. W. J. Sharland, Gray Dawes & Company Limited, Merchant Bankers, 40 St. Mary Axe, London EC3A 8EU. Telephone 01-283 6321. Telex 885253 and 884258. Mr. A. J. Simpson, Inchcape Export Ltd, Dugard House, Peartree Road, Stanway, Colchester, Essex CO3 5UL. Telephone Colchester (0206) 44166. Telex 918191 (nlb Incho).

BIDS AND DEALS

Tilling offers £9m. for U.S. medical group

Thomas Tilling Group, after a near three year absence from the major takeover scene, is making a bid for Intermedco Inc. the U.S. medical supplies company.

comment

Intermedco does not seem expensive at \$15m, which values it at a p/e of 10. This is well below the level of other medical suppliers in the U.S.

STEETLEY EXPANDS

Steetley, the chemical and minerals concern, has acquired for £38,000 DH Industries, a private company with premises in Essex.

ASSOCIATES DEALS

Robert Fiebert and Company announce that an associate of Spear and Jackson International purchased 20,000 Spear and Jackson at 14p.

BANK RETURN

Table with columns for Banking Department and Assets, listing various financial figures.

COACHBUILDERS & ENGINEERS

Table titled 'DUPLÉ' showing Summary of Results in £'000 for 1976 and 1975.

MINING NEWS

Saskatchewan gains in the potash battle

BY PAUL CHEESERIGHT

THE PROVINCIAL Government of Saskatchewan has won the latest legal skirmish in its battle with the producers of potash.

LIQUIDATION BETTER SAYS BUCKNALL

Shareholders in Bucknall Trust would do better out of a liquidation of the company than of a re-organisation.

RESERVES

The companies are especially exercised about the provincial tax on reserves, which they are claiming in the courts is unconstitutional.

ASA VIEWS ON MINE LABOUR

In the annual report of ASA, the Johannesburg-based vehicle for U.S. investment in South African gold mining shares, the chairman, Mr. Frederic H. Brandt, comments that while African wages are rising...

SHARE STAKE

Greenbrook Securities has bought 35,000 British Industrial Holdings Ordinary shares.

EMPEROR IS TO KEEP GOING

AUSTRALIA'S Emperor Mines has announced that it is continuing its operations at its struggling Fiji gold mine for the time being.

MINING BRIEFS

CONZAC RISING: MALAYSIA - Sri Lankan production, 1294 tonnes in November, 1111 tonnes in December.

SNOW REPORTS

Table with columns for Depth (cm), Direction, and Status (Good, Fair, etc.) for various locations.

BSC's Quebec iron venture

THE British Steel Corporation will pay early this year the last tranche of its \$10m investment in the new Quebec corporation, Sidbec-Normines.

JAPAN DEVELOPS SUDAN CHROME

Two Japanese companies are to take a 49 per cent stake in a joint venture with the Sudanese Government to develop rich chrome deposits in the Ingessana area of Eastern Sudan.

ELANDSRAND IS TO RAISE R60M.

The further rights issue to be made by the Anglo-American Corporation group's Elandsrand developing gold mine in South Africa's Far Western Rand is aimed to raise approximately R60m.

EAST DAGGA

Owing to a printing error, East Daga was mentioned in this column yesterday as being one of the mines which would stand to gain particular benefit from a revaluation of South Africa's gold reserves.

EMPEROR IS TO KEEP GOING

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MINING BRIEFS

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APPOINTMENTS

M. Denton is NatWest divisional manager

Mr. Maurice Denton has been appointed general manager of the NATIONAL WESTMINSTER BANK domestic banking division.

Mr. Robert Napier has been appointed treasurer of the Bank of Scotland.

Mr. Michael H. E. Drazup has been appointed chief executive of LISTER AND CO.

Mr. Walter Hayes has been appointed vice-chairman of EUROPE INCORPORATED.

Mr. Alan Beattie has been appointed chairman of the agricultural sector of ALBRIGHT AND WILSON.

Mr. M. J. C. Smeeth has been appointed director of the Board of Greenham (Plant Hire).

Mr. Geoffrey Burns, formerly director of Taylor Woodrow Plant Company, has been appointed chairman of the Board of Greenham (Plant Hire).

Mr. F. F. Turner has been appointed a director of BANK FILM DISTRIBUTORS.

Mr. Anthony Van Spaendonck, chief executive of Skol NV of Holland, has been appointed a director of ALLIED INTERNATIONAL BREWERIES.

Mr. John E. Redman and Mr. Michael A. Trask have been appointed to the Board of J. H. METS FINANCIAL MANAGEMENT.

Mr. R. W. Hill service director within its marketing department, has been appointed to the Board of COMMERCIAL UNION ASSURANCE COMPANY.

Mr. Leslie J. Macdonald, general manager of BRISTOL SCOTLAND, has been appointed a director of the Board of BRISTOL SCOTLAND.

Mr. G. R. Fowler has been appointed a director of the Board of SIBSON'S.

Mr. Sidney Buckland has been appointed finance manager of the Board of VIZCAYA.

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NORTH SEA OIL REVIEW

BY RAY DAFTER

Occidental pushes out the boat

DR. ARMAND HAMMER, chairman and chief executive of Occidental Petroleum, has demonstrated throughout his long and varied business career that he is a man of independent spirit. At the age of 78 he is remarkably active, whizzing round the world (Los Angeles-London-Moscow is a regular trip) as if flight had just been invented. He also has the knack of setting the cat among the pigeons, as demonstrated in two recent visits to the U.K.

In August he complained that the Department of Energy and the British National Oil Corporation were holding up an agreement for state participation in Occidental's North Sea operations, a view of the oil industry's general procrastination and opposition to this piece of offshore policy. There was a difference of opinion between the Department and the B.N.O.C. as to whether to add a little spice to the participation controversy.

This week he again surprised the Government, the oil industry and, one suspects, a number of his own executives by announcing in public Occidental's plan to revive and enlarge its refinery project on Convey Island, in the Thames estuary. The cost of the 10m. gals a year plant could be £40m. although about £65m. has already been spent. This money was committed to the original refinery which was suspended, early in the construction phase, 18 months ago, when it was found that the intended mainline product — fuel oil — was running into heavy surplus in the U.K.

Quietly Occidental and a number of prospective partners (Murphy Oil and Ashland among them) have been evaluating prospects for a bigger, more sophisticated refinery geared to producing lighter, premium products like petrol and naphtha. The studies have not yet completed and it is doubtful whether Occidental Britain and its partners wanted to advertise its intentions at this stage.

Cromarty Petroleum's plan to build a £200m. refinery in Scotland has been causing unrest in the oil industry. British Petroleum has been particularly outspoken, criticising the Cromarty plan and stating that oil demand is unlikely to warrant the construction of a new green-field refinery development in the U.K. in Europe in general for the next five or ten years.

Dr. Hammer believes that there will be sufficient demand

for petrol and naphtha in Europe to justify the Convey Island development. Although the group has relinquished its downstream activities in the U.K.—so it will be no more than a products producer and trader—it does foresee a large amount of its own North Sea crude (and revenue) being available over the next few years.

Unlike its partners involved in the development of the Piper and Claymore fields (Thomson North Sea, Allied Chemical and Getty Oil), Occidental has yet to arrange long-term contracts for the refining of its 36.5 per cent. share of Piper crude.

The first consignment of crude which left the Flotta terminal in the Orkney Islands this week was sold by Occidental to Shell. It is now the turn of one of the other group members to arrange the shipment of the

second cargo within the next fortnight.

By the second half of this year Piper should be yielding oil at a peak rate of 250,000 barrels a day, although initial production experience shows that this upper limit may be somewhat conservative. The first two wells have each been producing at a rate of 30,000 b/d whereas Occidental is expecting a rate nearer 10,000 b/d to 12,000 b/d per well once production is in full swing. The Piper platform is designed to accommodate 24 producing wells and 12 injection wells, although this programme may be reviewed and possibly modified in the light of production experience.

Although development work is progressing well on Piper, the consortium is not prepared to upgrade either the production profile or the recoverable reserves at this stage. The engineering consulting company, Degolyer and McNaughton, has assessed reserves to be 642m. barrels, although Wood Mackenzie puts the figure at nearer 800m. barrels, using a 58 per cent. recovery factor (high by North Sea standards).

Such a throughput bodes well for the people of the Orkneys, and Flotta inhabitants in particular. The Occidental group has agreed to pay to the Orkney Islands Council 2p per ton "disturbance" royalty on every ton of oil shipped through the terminal. Given also payments to the Orkney harbour authority, the Occidental consortium will be contributing several hundred thousands of pounds a year to the local community.

But the impact of the terminal facilities goes much

wider, as those who attended the inauguration of Piper production could not help but notice. For a start, the terminal has brought new employment prospects to the region: of the about 100 are Orcadians.

The Occidental consortium has tried to work with the local community in the development of its facilities. Mr. Anthony Wedgwood Benn, Energy Secretary, said that the co-operation forged by the oil companies and the Orcadians could be used as a model for a working partnership between the industry and British National Oil Corporation.

As part of the public relations exercise, the 90 inhabitants of Flotta were invited to this week's celebrations. And there were gifts galore.

It was Dr. Hammer who

played the role of Father Christmas on a belated visit. As a token of the consortium's appreciation he said, the companies were to pay installation charges for electricity supplies to all Flotta homes. Power would be provided by the North of Scotland Hydro Electric Board, which would be given free gas for a minimum of three years. About 1m. cubic feet a day will be involved.

A grand piano has been provided for use by the Orkney Arts Society. (Dr. Hammer pointed out that piano playing was one of his own pleasures.) The Armand Hammer and Occidental Foundations donated £50,000 towards a building that could house a local collection of notable art treasures, including sculptures by Barbara Hepworth and paintings by Ben Nicholson. (Dr. Hammer is an avid collector of

art treasures himself. And the consortium provided £25,000 towards the cost of a new community centre.

Even the inauguration ceremony gifts presented to all guests at functions in Flotta and London were bought from Orkney Island traders. To the cynics, it might have appeared as if the men who had arrived in private jets were handing out trinkets to the natives. On the other hand there was no denying either the Orcadians' gratitude or the consortium's relief at the comparatively trouble-free construction of such an important terminal.

After all, the Occidental consortium is investing \$1.2bn. to \$1.3bn. on the Piper and Clay-



A deserted crofter's cottage stands guard over Flotta's oil terminal, which will handle one-fifth of Britain's oil needs.

APPOINTMENTS

Financial Director

for the Main Board in London of a large British public company whose science-based products find ready markets across the world.

- RESPONSIBILITY encompasses the development of corporate financial strategy; the deployment of resources; and the control of the financial function in an international group which is characterised by a particular style of management and wherein divisions operate with a high measure of autonomy.

- THE appointment calls for versatility and achievement in directing the financial affairs of a substantial and growing international business.

- REMUNERATION is for discussion; salary is unlikely to be less than £20,000.

Write in complete confidence to P. T. Prentice as adviser to the company.

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12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

DEAN of The City University Business School

The post, which is open to both men and women, has fallen vacant following the retirement of Mr. David Glen, O.B.E., M.A. The salary for the post is within the range for professors, and superannuation is in accordance with the provisions of the Universities Superannuation Scheme. Further particulars may be obtained from The Academic Registrar, The City University, St. John Street, London EC1V 4PB.

GROUP TAXATION £8,000

We are currently searching for two qualified, experienced Tax Professionals, C2S, with good working knowledge of Group Tax: To join a £200m. International Group based S.W. of London To join one of the U.K.'s leading London-based Construction Companies (relevant industry background essential). Both are career positions! Please telephone: James Denholm F.C.A. on 01-499 2578

MANAGEMENT APPOINTMENTS LTD. 10 BOND STREET, LONDON W.1

ANALYST Electricals

A major firm of London stockbrokers is seeking an experienced electrical analyst, 25-35 years, to be responsible for the firm's research in this sector. The ability to produce well researched, lucid reports for investment recommendation is an essential requirement of the position. The firm has a particularly extensive and important range of connections among the companies concerned, which makes this position an exciting opportunity for the successful applicant. Good salary, pension, bonus, premium fund and good life insurance. 2277 White St., A5745, Financial Times, 19, Cannon Street, EC4P 4B7.

APPOINTMENTS WANTED

MIDDLE EAST AND GULF, U.K. based firm is seeking 10-15 years' exp. in high level commercial contracts. Contact: 2277 White St., A5745, Financial Times, 19, Cannon Street, EC4P 4B7.

money management EDITOR

Applications for the position of Editor of MONEY MANAGEMENT, the new magazine to be published by the Institute of Financial Management, should be sent to the Editor, MONEY MANAGEMENT, 30, Finsbury Square, London, EC2A 1PJ. The magazine will be published quarterly and will be concerned with the financial and investment aspects of the money market. The Editor will be responsible for the overall content and style of the magazine and will be required to have a good knowledge of the money market and its various derivatives and services. Please send a copy of your curriculum vitae and three references to the Editor.

Mr. Don J. Edlington, Money Management and Lintasolder, 30, Finsbury Square, London, EC2A 1PJ.

THE FINANCIAL TIMES Direct Mail Specialist

The FT is looking for someone with at least two years' experience in direct mail operations for the promotion of the FT's business newsletters. Experience of business publishing and water marketing experience would be an advantage. Salary by negotiation. Write to Peter Sabine, Syndication Department, FINANCIAL TIMES, Bracken House, 10 Cannon Street, London EC4P 4BY.

INTERNATIONAL APPOINTMENTS

General Manager Consumer Credit Finance Middle East

for this recently formed private company, the first of its kind in the Gulf. Its initial capital will be in excess of £6m. and it will provide credit for consumer durables including automobiles — later moving into leasing and other geographical areas.

Candidates, aged 35 to 45 years, should have had extensive top level management experience in consumer credit operations with a major finance house. Benefits include tax-free salary about £20,000, free furnished accommodation, car and passage paid annual leave.

Please write — in confidence — enclosing brief career details to D. A. Ravenscroft ref. B.1038-1.

MSL World wide

Management Selection Limited 17 Stratton Street London W1X 6DB

THE TGWU ELECTION

Contestants for Jack's mantle

BY ALAN PIKE

THE MAN chosen next month to succeed Mr. Jack Jones in one of the most powerful trade union offices in the land will be scarcely known to the public. Indeed, to some members of the Transport and General Workers Union taking part in the election.

This is itself confirmation of the peculiar nature of the position occupied by the TGWU general secretary. Although the democracy of the union's structure is fervently defended by members at all levels, a combination of historical precedent, internal organisation and sheer force tends to make him into the personification of the TGWU — a man of the people.

Most previous general secretaries — Ernest Bevin, Arthur Rankin, Frank Cousins, Jack Jones — have, regardless of differences in their political positions, had a personal fluency on their union and a whole labour movement, which it is difficult to exaggerate. Mr. Jones's successor will be destined to follow this tradition.

Kitson, with some interest in the fortunes of national trade group secretaries Mr. John Miller and Mr. Larry Smith, and also Mr. John Cousins, a former national official — and son of Frank Cousins — who now works for the National Economic Development Office.

Mr. Evans, 51, the union's national organiser, is widely believed to have the personal backing of Mr. Jones and his influential deputy, Mr. Harry Urwin, who is not standing, partly because he is nearing retirement himself.

Although Mr. Evans identifies himself with the Left, he is likely to collect the bulk of middle-of-the-road support. The

political and industrial wings of the Labour movement after the friction which followed Mrs. Barbara Castle's *In Place of Strife*, and of winning trade union acceptance for the social contract and wage controls — the views of both men on the development of pay policy will be a question frequently raised in the election.

Both, as is to be expected, support the "orderly return to free collective bargaining" which is in line with TGWU and TUC thinking. Mr. Kitson says he knows of no alternative to traditional free collective bargaining for overcoming the differentials difficulties and other problem areas which are

developing under the present policy. The trade union movement agrees Mr. Evans cannot continue indefinitely with a system under which the total amount of income to be allocated is determined at TUC Government level. But he cautiously admits that the trade union movement "must have in mind the tremendous social responsibility involved in a return to free collective bargaining."

comfortably than Mr. Kitson. The latter, while accepting that such links are necessary, would not wish to take them to the point of jeopardising trade union independence in order to preserve a Labour Government at any price.

There is no question, both candidates stress, of the British trade union movement seeking a deliberate confrontation with a democratically elected Conservative Government. Asked if there might be circumstances in which such a confrontation might arise, Mr. Evans says: "If they interfered with the trade union movement's ability to protect the interests of its members in areas like free bargaining and legal controls."

Mr. Kitson predicts opposition if the Conservatives went for further major cuts in public spending which hit employment and living standards. Both men come from impeccable working class backgrounds in the classic manual union tradition — Mr. Evans in Wales and Mr. Kitson in Scotland — but their images in the trade union movement are quite different.

Since achieving the new post of national organiser — seen as part of his grooming for the eventual leadership — Mr. Evans has skillfully handled the TGWU's relations with other unions while retaining an important presence on the industrial front with his chairmanship of the trade union side in Ford Motor national pay negotiations. His critics accuse him of being primarily an organisation man, a "superb trade union Civil Servant," who has shown less interest on the wider political front.

Mr. Kitson, a Left-wing member of the Labour Party National Executive, is in the opposite position. He sees the trade union movement very much in terms of its political role. He would, if elected, put political education and broadening the political outlook of the membership high on his list of priorities.

He has, however, been connected with the TGWU only since 1970 when, as general secretary of the Scottish Horse and Motorers' Union, he led it into a merger. Mr. Evans



Personal blessing? Mr. Jack Jones listening intently to Mr. Moss Evans (left)

organised Left will offer for Mr. Kitson, executive officer and number three in the present union hierarchy, but the Left vote may be split if Mr. Miller's campaign gains momentum.

Because personalities, rather than straight political labels, play a bigger part in TGWU elections than those of some other unions the attitudes of Mr. Evans — favourite at the start of the campaign — and his main challenger are of obvious importance, far beyond the interests of the 1.8m. members of the TGWU themselves.

Because as the man coming to power will inherit Mr. Jones's legacy — of reuniting the

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Peugeot-Citroen Group announces record results

BY ROBERT MAUTHNER PARIS, Jan. 13. THE PEUGEOT-CITROEN Motor Group has announced record results for 1976 with an expected turnover of 200,000 million francs...

French monopoly rules tightened

PARIS, Jan. 13. FRENCH COMPANIES will be subject to official scrutiny if they propose mergers resulting in them controlling 40 per cent of the market for any product, Government officials said...

INTERNATIONAL HARVESTER A management awakes

BY JAY PALMER IN NEW YORK INTERNATIONAL Harvester, the large and diversified Chicago based maker of agricultural machinery, lorries and construction equipment, has long had a deserved reputation as a sleepy giant...

Swissair sees favourable year

BY JOHN WICKS ZÜRICH, Jan. 13. THE SWISS airline company Swissair expects a "parallel development" in its traffic volume and profits this year...

Deutsche BP reduces loss

DEUTSCHE BP AG, the West German subsidiary of British Petroleum, reduced its balance sheet loss in 1976 to DM70m from DM276m in the previous year...

AMERICAN NEWS Chile officials move on defaulters

BY ROBERT LINDLEY THE MANAGEMENT of yet another private investment company here has been taken over by the industry and Commerce Directorate because the company - El Sendero - has suspended payments to its investors...

DUTCH COMPANIES KNP expects profit

BY MICHAEL VAN OS AMSTERDAM, Jan. 13. KON, NEDERLANDSE Papierfabrieken (KNP), the paper manufacturer, has said that it expects to have broken even in 1976 and that there was likely to be a profit in the current year...

Club Mediterranee

Club Mediterranee, the vacation resort operators, said yesterday that its non-consolidated net profit for the financial year ended last October 31 amounted to about Fr.31.7m - 29 per cent above the Fr.40m recorded for the previous 12 months...

Loss expected at Air Canada

BY MICHAEL DONNE, Aerospace Correspondent. A "SIGNIFICANT" net loss is expected by Air Canada for 1976, despite an operating profit...

European route

NATIONAL AIRLINES third international carrier in U.S., has applied for permission to fly an additional European route - Miami to report on New York City - from on Oct. 15, 1977. Existing Miami to London service.

DAF Trucks estimates

DAF TRUCKS, the Dutch lorry manufacturer, has concluded 1976 with an estimated profit of Fl.10m. It was still predicting a loss in May last year, though of a lesser magnitude than the loss of Fl.35.7m in 1975 and Fl.12.5m the previous year.

AMFAS forecast

THE AMFAS insurance company has stated that it is maintaining its forecast made earlier in 1976 that the year's net profits would increase by "at least 10 per cent". The provisional results will be announced later this month.

EUROBONDS \$C30m. for BCN

BY TONY HAWKINS BANQUE CANADIENNE Nationale is to raise \$C30m. with an issue of 5-year Bearer Deposit Notes on a coupon of 8 1/2 per cent. BCN has borrowed once previously in the Eurobond market, raising \$C15m in March 1976 with 6-year 9 1/2 per cent debentures.

All of these Bonds having been sold, this announcement appears as a matter of record only.

Inter-American Development Bank Washington, D.C. AS 300,000,000 8% Austrian Schilling Bonds 1976/1986 Creditanstalt-Bankverein Girozentrale und Bank der österreichischen Sparkassen Österreichische Länderbank Bank für Arbeit und Wirtschaft Bank für Kärnten Bank für Oberösterreich und Salzburg Bank für Tirol und Vorarlberg Erste österreichische Spar-Casse Genossenschaftliche Zentralbank Österreichische Postsparkasse Österreichische Volksbanken Österreichisches Credit-Institut Schoeller & Co. Zentralsparkasse der Gemeinde Wien

NOTICE OF REDEMPTION to the holders of SUNDSTRAND FINANCE INTERNATIONAL N.V. 9 3/4% Guaranteed Sinking Fund Notes Due 1983. NOTICE IS HEREBY GIVEN that pursuant to the Fiscal Agency Agreement dated as of February 15, 1976, there has been selected for redemption...

BONDTRADE INDEX Thursday Wednesday Medium 102.82 102.88 Long 94.91 94.98 Convertible 109.83 110.47 Phoenix-Gummi cutback Phoenix-Gummiwerke, one of West Germany's leading motor tyre manufacturers, to-day announced that it has put 250 of its workers on short time reports Guy Hawtin from Frankfurt. The men affected are employed at the group's Harburg factory and represent 6 per cent of the works' 5,500 labour force. Banco Del Gottardo Net profits of Banco Del Gottardo, Lugano, increased last year by 19 per cent, over 1975 levels to reach SwFr. 18.2m. (€15.3m), and its balance sum by 17 per cent: SwFr. 1.83bn. (€1.56bn.). John Wicks writes from Zurich.

INTERNATIONAL FINANCIAL COMPANY NEWS

FRENCH INSURANCE

A public sector view

BY CHRISTOPHER HILL

ALTHOUGH nationalising insurance companies tends to produce violent reaction from normally prudent insurance men and this what happened recently in the U.K.—when an outcry from the insurance industry followed leaving Labour proposals to bring the largest companies into public ownership.

business with 250 other companies, including foreign companies. He added, however, that the attitude persists that the state gives preference to the companies it owns and the tariffs or buy bonds. To such pressure the answer has always been that "if you take these decisions, then you take responsibility for the final balance."



Mr. Michael Gaudet

French private companies are always very suspicious that this might be happening. But this suspicion is a help in keeping the whole system in balance. While in France all insurance companies are liable to more extensive regulation and supervision than in the case in the U.K., the private companies are treated on a par with the nationalised companies.

AUSTRIAN COMPANIES

State oil corporation plans record investment

BY PAUL LENDYAI

VIENNA, Jan. 13.

ONCE THE Austrian state oil corporation will invest this year Natural gas consumption in the first 10 months was up by 12 per cent to 2.7bn cubic metres. Domestic output reached last year about 1.3bn cubic metres.

annual capacity of 14m. tons. Natural gas consumption in the first 10 months was up by 12 per cent to 2.7bn cubic metres. Domestic output reached last year about 1.3bn cubic metres.

SW Match worker directors reject bid

By William Dullforce

EMPLOYEE representatives of the Swedish Match Board today came out against the takeover bid from the KemaNord chemical company. Although the final decision rests with the shareholders, in particular with the three investment companies which together hold over half the Swedish Match stock, the employees stand undoubtedly strengthened in the majority of the Swedish Match Board which is opposing the K.R.1bn (£145m.) bid.

Mixed year for German investment trusts

BY GUY HAWTIN

FRANKFURT, Jan. 13.

WEST GERMANY'S investment trusts found 1976 a year of mixed blessings. Sales of certificates during the 12 months ran at a record level, but the weakness of the Federal Republic's stock market resulted in a decline in the value of funds based on domestic equities.

forming poorly, it is hardly surprising that the greatest demand was for the domestic and international bond-based funds. There was renewed interest in the property-based trusts but the domestic equities-based funds fared thinly.

Kirin Brewery raises dividend

TOKYO, Jan. 13.

KIRIN BREWERY has raised its dividend for the year ended January 31 to 19 per cent or ¥7.5 (15 per cent or ¥7.5). The brewery said it raised its dividend to commemorate its 70th birthday.

from the present level, and those of fruit juice 20m cases up 25 per cent. Kirin expects to report a 40 per cent gain in net profit for the current year ending January 31 at ¥13,600m from ¥9,600m on an estimated ¥600m in sales, up 13.5 per cent on the year, almost the same as the year-ago ¥5,255.50m.

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, January 12. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources.

Table with columns: Country, Currency, Value of DLR, Country, Currency, Value of DLR. Lists exchange rates for various countries like Australia, Canada, Europe, etc.

SELECTED EURODOLLAR BOND PRICE-MID-DAY INDICATIONS

Table with columns: STRAIGHTS, Bid, Offer. Lists bond prices for various countries and maturities.

Further scrip from Comeng

By James Forth

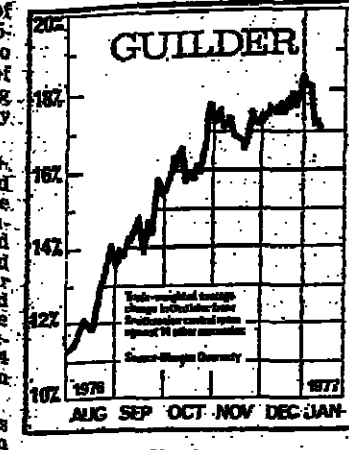
SYDNEY, Jan. 13.

COMENG Holdings, Australia's largest rolling stock manufacturer, plans to make a one-for-ten scrip issue. It is the eighth free issue, all on the same basis, within the past nine years.

Advertisement for Empire Iron Mining Partnership. Includes text: 'These Notes have not been and are not being offered to the public.', '\$302,500,000', 'The Empire Iron Mining Partnership was formed to undertake the expansion of iron ore mining and pelletizing facilities of the Empire Mine located in the Upper Peninsula of Michigan.'

GOLD MARKET

Gold Bullion... London... 1157.50... 1157.50... 1157.50



SPECIAL DRAWING RIGHTS RATES

Table with columns for Country, SDRs, and Rates. Includes entries for Belgium, France, Germany, etc.

FOREIGN EXCHANGES

Table of foreign exchange rates for various currencies including New York, London, and others.

EXCHANGE CROSS-RATES

Table showing cross-rates between major currencies like the Dollar, Pound, and Mark.

EURO-CURRENCY INTEREST RATES

Table of interest rates for various Euro-currency deposits and loans.

FORWARD RATES

Table of forward exchange rates for different currencies and terms.

JOHANNESBURG

Table of stock prices and market data for Johannesburg.

INDUSTRIALS

Table of industrial stock prices and market indicators.

SPAIN

Table of stock prices and market data for Spain.

STOCKHOLM

Table of stock prices and market data for Stockholm.

VIENNA

Table of stock prices and market data for Vienna.

£ and \$ strong

The recent sharp fluctuations in the value of sterling died out in yesterday's foreign exchange market...

Settlement of the miners' dispute over early retirement had largely been discounted...

The U.S. dollar maintained its recent improvement mainly on the general feeling that dollar interest rates were likely to...

EXCHANGE CROSS-RATES

Table of exchange cross-rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates.

FORWARD RATES

Table of forward exchange rates.

JOHANNESBURG

Table of Johannesburg market data.

INDUSTRIALS

Table of industrial stock prices.

SPAIN

Table of Spanish market data.

STOCKHOLM

Table of Stockholm market data.

VIENNA

Table of Vienna market data.

NEW YORK, Jan. 13

The market was given a boost by the announcement that Peugeot-Citroen...

GERMANY - Mostly steady in previous levels. Leading Banks and Chemicals...

SWITZERLAND - Mixed in moderately active trading. Swiss advanced...

AMSTERDAM

AMSTERDAM - Mixed with gains outnumbering losses at the end of the day...

COPENHAGEN

COPENHAGEN - Mixed with a firm undertone in active dealings. Banks were lower...

HONG KONG

HONG KONG - Higher in moderate trading. Hong Kong Bank moved up...

AUSTRALIA

AUSTRALIA - Mixed after a firm opening with selective support for resource stocks...

PARIS

PARIS - Mixed with gains in resource stocks. Air France...

AMSTERDAM

AMSTERDAM - Mixed with gains in resource stocks. Air France...

VIENNA

VIENNA - Mixed with gains in resource stocks. Air France...

STOCKHOLM

STOCKHOLM - Mixed with gains in resource stocks. Air France...

OTHER MARKETS

Canada rallies. With the exception of Banks, which eased slightly...

WEDNESDAY'S ACTIVE STOCKS. Middle S. U. traded 154.00...

Ind. div. yield % 4.16. Dec. 31. 4.15. Year ago approx. 4.37.

INDICES

NEW YORK - DOW JONES

Table of Dow Jones index data for New York.

STANDARDS AND POORS

Table of Standard and Poors index data.

OVERSEAS SHARE INFORMATION

NEW YORK

Large table of overseas share information for New York, listing various international stocks and their prices.

CANADA

Table of overseas share information for Canada.

Firm on early small bargain hunting

BY OUR WALL STREET CORRESPONDENT. SMALL BARGAIN hunting gave Wall Street a firmer tenor...

Closing prices and market reports were not available for this edition.

more than a two-to-one margin. Trading volume, however, decreased 300,000 shares to 12,97m...

INDICES

NEW YORK - DOW JONES

Table of Dow Jones index data for New York.

STANDARDS AND POORS

Table of Standard and Poors index data.

OVERSEAS SHARE INFORMATION

NEW YORK

Large table of overseas share information for New York.

CANADA

Table of overseas share information for Canada.

FARMING AND RAW MATERIALS

Brazil seeks Malagasy coffee

By Richard Mooney

INTERBRAS, the Brazilian State trading company, has confirmed that it has a coffee buying mission in the Malagasy Republic...

In the aftermath of the July rat disassembler Brazil is short of coffee to keep its own soluble industry going...

Approaches to African producers have included one to the Ivory Coast and several to Malagasy...

On the London terminal market coffee yesterday had one of its quietest days for weeks. The March position fell to £2,645 a tonne at one stage but ended the day at £2,535...

Australia still seeking deal with China

SYDNEY, Jan. 13.

AUSTRALIA'S SUGAR selling agent, CSR, is still keen to enter into a long-term contract with China for the supply of Australian sugar...

Tin Agreement buffer stock exhausted

By JOHN EDWARDS, COMMODITIES EDITOR

SUPPLIES OF tin held by the buffer stock of the International Tin Agreement are exhausted, the International Tin Council announced in London yesterday...

The immediate reaction on the London Metal Exchange was a sharp rise in prices. Despite profit-taking sales at the higher levels cash tin gained £135 to close at an all-time peak of £3,390 a tonne...

Since then the buffer stock has forced to sell more tin in an attempt to halt or at least slow down the rise in prices...

Countryside spoiled by modern farming

FINANCIAL TIMES REPORTER

UP TO 80 per cent of trees in some counties of Eastern England have been destroyed by modern farming methods in the last 25 years...

More than half the hedgerows in these counties disappeared in the quarter century up to 1972. The report says action is needed to prevent the once-rich and varied lowland landscape of England and Wales becoming very dull to look at...

Wheat crop forecast up again

Financial Times Reporter

THE INTERNATIONAL Wheat Council has again raised its estimate for 1976 world wheat production to 411.5m tonnes...

The council issued its latest market report yesterday. World trade in wheat in 1976-77 is expected to fall to 58m tonnes...

As a result the estimate of closing stocks at the end of the 1976-77 season in the five main exporting areas—Argentina, Australia, Canada, the EEC and the U.S.—has been raised to 61m tonnes...

The council says no serious production setbacks have been reported for this year. But estimates of the winter wheat sown in the U.S. show the first reduction since 1970 with plantings put at 22.6m hectares...

'No shortage of potatoes' this spring

THERE WILL be no potato shortage this spring and prices will not go as high as they peaked last year, says Mr. Robert Jackson, of Sheffield...

Prices vary in different parts of the country. In some places you can get them at 11p or 12p a pound, but you could probably pay up to 15p a pound in London...

S. KOREA IMPORTS DAIRY CATTLE

SEOUL, Jan. 13.

South Korea plans to import 7,500 head of dairy cattle this year, says a government spokesman...

TELLURIUM PRICE

NEW YORK, Jan. 13.

Asarco Inc. has increased prices of Tellurium by \$3 to \$15 a lb. The metal is used in making free-machine steel and as a catalyst in the petrochemical industry...

Livestock producers face difficult year

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

LIVESTOCK FARMERS face threshold price for barley is £77.75 a tonne. The intervention price is £60.16. This is a price delivered to store and the farm price would probably be about £3 a tonne less...

This is a price for the grain growers, but will bring little joy to anyone whose living depends on feeding cereal products to livestock...

The basis for these high levels is twofold. By January next year grain imports will bear the full brunt of the levy...

It is important to remember that the cereal crops of the last two years have been badly affected by the weather...

Even at these levels there has been no pressure to sell from the farms. Prices are not the only method of maintaining farmers' prices...

Argentine maize area forecast at 18-year low

BUENOS AIRES, Jan. 13.

ARGENTINA'S 1976-77 maize sowing will total 2,025,000 hectares, the smallest area for 18 years, according to a government report...

This compares with 2,060,000 hectares sown in 1974-75, the past five years' average of 2,075,000 hectares and 2,222,310 hectares the Department said...

It attributed the decline in the area sown to heavy rains hampering planting and sowing to soyabean and cotton crops because of the better price prospects...

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Commodity, Unit, Price, and Change. Includes sections for BASE METALS, COPPER, TIN, and LEAD.

PRICE CHANGES

Table showing price changes for various commodities like Wheat, Barley, and Soyabean Meal.

U.S. Markets

Table showing U.S. market prices for commodities like Cotton, Soyabean Meal, and Sugar.

Advertisement for King George's Fund for Sailors, featuring an illustration of a sailor and his family.

Advertisement for King George's Fund for Sailors, text describing the fund's mission to support seafarers and their families.

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Advertisement for King George's Fund for Sailors, featuring an illustration of a sailor and his family.

Large advertisement for King George's Fund for Sailors at the bottom of the page, including the logo and contact information.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts and funds, including Discretionary Unit Fund Managers, Hill Samuel Unit Tr. Mgrs, M & G Group, and others, with columns for fund names, managers, and performance metrics.

REGIONAL MARKETS table showing share prices for various regional markets, including London, Edinburgh, and Glasgow.

FOOD PRICE MOVEMENTS table showing price changes for various food items like Bacon, Butter, Eggs, and Milk, with columns for current price, week ago, and month ago.

INSURANCE, PROPERTY, BONDS table listing various insurance and financial services, including Abbey Life Assurance, City of Westminster Assur. Soc, and others.

MILAN 30th MIPEL advertisement for a leather goods exhibition, including details about the event and contact information for MIPEL S.p.A.

OFFSHORE AND OVERSEAS FUNDS advertisement listing various international investment funds and their managers, such as King & Shaxson Mgrs. (I.O.M.) Ltd.

APOLLO the world's leading magazine of Arts and Antiques advertisement, including subscription information and contact details.

Handwritten signature or mark at the top center of the page.

INDUSTRIALS - Continued. Table listing various industrial companies with columns for Stock, Price, and other financial metrics.

INSURANCE. Table listing insurance companies and their stock prices.

PROPERTY - Continued. Table listing property-related companies and their stock prices.

TRUSTS - Continued. Table listing trust companies and their stock prices.

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NOMURA The Nomura Securities Co., Ltd. Advertisement with contact information for London and New York offices.

MINES - Continued. Table listing mining companies and their stock prices.

FINANCE. Table listing financial institutions and their stock prices.

DIAMOND AND PLATINUM. Table listing diamond and platinum related companies.

AUSTRALIAN. Table listing Australian companies and their stock prices.

COPPER. Table listing copper-related companies and their stock prices.

MISCELLANEOUS. Table listing miscellaneous companies and their stock prices.

TEAS. Table listing tea companies and their stock prices.

TRUSTS, FINANCE, LAND. Table listing trust, finance, and land companies.

MOTORS, AIRCRAFT TRADES. Table listing motor and aircraft trade companies.

Commercial Vehicles. Table listing commercial vehicle companies.

Components. Table listing component companies.

Garages and Distributors. Table listing garage and distributor companies.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publisher companies.

PAPER, PRINTING, ADVERTISING. Table listing paper, printing, and advertising companies.

PROPERTY. Table listing property companies.

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SHIPBUILDERS, REPAIRERS. Table listing shipbuilders and repairers.

SHIPPING. Table listing shipping companies.

SHOES AND LEATHER. Table listing shoes and leather companies.

SOUTH AFRICANS. Table listing South African companies.

TEXTILES. Table listing textile companies.

TOBACCO. Table listing tobacco companies.

TRUSTS, FINANCE, LAND. Table listing trust, finance, and land companies.

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Notes and additional information at the bottom right of the page.



Times clash sparks row in Commons

BY ALAN PIKE, LABOUR STAFF

THE FREEDOM of the Press became the subject of sharp exchanges in the Commons yesterday after The Times failed to come out of the previous night...

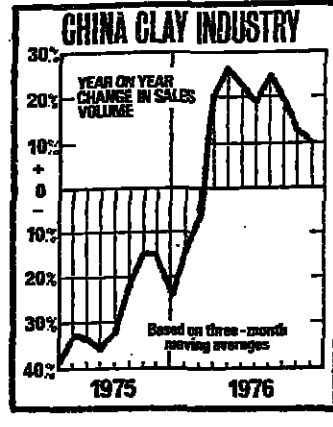
S. Africa belittles impact of communications ban

BY CHRISTIAN TYLER, LABOUR STAFF

INTERNATIONAL trade unions urged to "impede and harass" trade with South Africa. Last night shop stewards - mainly TGWU - were meeting...

THE LEX COLUMN First aid for the money market

Index rose 5.7 to 363.3



By all accounts, money has never been in such short supply as it was yesterday in the Discount Market. The Bank of England lent an "unprecedented" amount and in the inter-bank market, overnight money closed at around 25 per cent.

CHINA CLAY INDUSTRY

ground for prices has also been firmer. The group's very export sales are priced directly or indirectly on steel, so devaluation does not...

Appeal

Appealing to the House to wait for the facts to be established, he said: "As far as I am concerned there is not to be any censorship. Nobody would advocate censorship..."

U.S. delays choice between British and German guns

BY OUR FOREIGN STAFF

BRITAIN'S rifled barrel 120 mm gun, which the Government hopes will be mounted on America's next generation of tanks, won a reprieve against West German competition...

Colliery foremen decide to vote on early retirement

BY ERIC SHORT AND CHRISTIAN TYLER

COLLIERY FOREMEN yesterday swung behind the miners with a decision to hold an industrial action ballot over their own claim for early retirement.

Jack Jones criticised by TGWU candidate

By David Churchill, Labour Staff

THE BATTLE to succeed Mr. Jack Jones as general secretary of the Transport and General Workers Union began in earnest last night when one of the 15 candidates for the post launched a blistering attack on Mr. Jones' record in office.

Transfer pricing talks net £20m.

BY MICHAEL LAFFERTY

FOLLOWING investigation into the transfer-pricing policies of foreign-owned multinational companies operating in Britain, the Inland Revenue has recovered about £20m in tax.

After tax

Although approval for the deal is expected, miners voting could be influenced by the fact that the early retirement benefit could be much lower than generally realised, as shown by figures which emerged yesterday.

Free vote for Tories

BY PHILIP RAWSTORNE

CONSERVATIVE MPs are to be asked to vote on the Conservative Party's proposal for a free vote in the Commons on proposals for a system of proportional representation...

Shell's tax problem

BY OUR FOREIGN STAFF

SHELL'S explanation of the new arrangements to cope with the complications of advance corporation tax is almost as tricky to understand as the tax itself: what it boils down to is this. The Royal Dutch Shell Group had a problem with un-recovered ACT in the U.K., which amounted to nearly £50m in 1975.

English China

BY OUR FOREIGN STAFF

A substantial turnaround in the china clay industry is reflected in a £7.4m profit rise to £24.5m at English China Clays for the year to September. The group's clay shipments in the previous year fell by just over a fifth, and there were no clear signs of a recovery until the spring of 1976.

Weather

U.K. TO-DAY

SHOWERS, snow. Some bright intervals in Scotland and N. Ireland. London, S.E., S.W., Cent. England, E. Anglia, Midlands, Channel I, S. Wales...

BUSINESS CENTRES

Table with columns for City, Ytd Mid-day, and Vtd Mid-day. Includes Amsterdam, London, New York, etc.

HOLIDAY RESORTS

Table with columns for Resort, F, and S. Includes Alicante, Biarritz, Benidorm, etc.

Bass Charrington 'brewed' it with BISON. We'd like to toast Bass Charrington. Their new Group Headquarters at Burton-on-Trent won the Burton Civic Society Award for outstanding architecture...